

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

**Dissolution of Haymond Public Service District and Merger
Into Taylor County Public District**

**Assumption of Debt of Haymond Public Service District by
Taylor County Public Service District**

MERGER TRANSCRIPT

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**RESOLUTION AND ORDER APPROVING THE
DISSOLUTION OF THE HAYMOND PUBLIC SERVICE DISTRICT
AND ENLARGING THE TAYLOR COUNTY PUBLIC SERVICE DISTRICT**

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W. VA. PUBLIC SERVICE
COMMISSION
SECRETARY'S

WHEREAS, the County Commission of Preston County, West Virginia, by Order dated the 9th day of February, 2009, did, on its own Motion, approve the proposal of the Taylor County Commission that the Haymond Public Service District be dissolved and that the Taylor County Public Service District Taylor County Public Service District be expanded to include the authority to construct, maintain, and operate a water distribution system and to provide and sell potable water on a retail basis to individual customers within the territory heretofore occupied by the said Haymond Public Service District;

AND WHEREAS, the said County Commission by said Order did direct that a public hearing be convened on the 9th day of March, 2009, at 10:30 a.m., at which time all persons residing in, or owning or having an interest in, property in the territory heretofore described, shall have an opportunity to appear and be heard for or against the proposed dissolution of the Haymond Public Service District and/or the proposed expansion of the Taylor County Public Service District;

AND WHEREAS, notice of the public hearing was published at least 10 days prior to said hearing as a Class I legal advertisement, in accordance with Chapter 59, Article 3, Section I, et seq., of the West Virginia Code, as amended;

AND WHEREAS, notice of said hearing was posted not less than ten days before the hearing in at least five conspicuous places in the area heretofore described, all as prescribed by Chapter 16, Article 13A, Section 2, of said Code;

AND WHEREAS, the County Commission, at the conclusion of said hearing, did consider the feasibility of the proposed dissolution of the Haymond Public Service District and the proposed expansion of the Taylor County Public Service District and does find the same to be conducive to the protection of public health, comfort, and convenience;

NOW THEREFORE, the said Preston County Commission, does hereby does hereby **RESOLVE, ORDER AND APPROVE THE ACTION OF THE TAYLOR COUNTY COMMISSION**, as follows:

1. That the Haymond Public Service District be dissolved effective the 30th day of June, 2009.
2. That the Taylor County Public Service District be expanded to include the authority to construct, maintain, and operate a water distribution system and to provide and sell potable water on a retail basis to individual customers within the territory hereto fore occupied by the said Haymond Public Service District, said territory being described in metes and bounds, as follows:

“Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor county line S. 63°40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County line S. 0°30' W. 2.41 miles to the centerline of Three Fork Creek; thence leaving the Taylor-Preston County line and with the centerline of Three Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the former Thornton Public Service District boundary (and now the Taylor County Public Service District boundary) S. 59° W. 1.33 miles to a point; thence S. 85° W. 0.68 miles to a point; thence leaving the former Thornton Public Service District boundary N. 37°20' W. 1.51 miles to a point; thence S.

74°10' W. 0.58 miles to a point; thence S. 10°30' W. 0.51 miles to a point on the Grafton City Corporation boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation boundary line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68°30' W. 0.49 miles to a point; thence N. 22°30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County boundary line N. 72°45' E. 3.5 miles to a point; thence N. 34°20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning, containing 38.23 square miles in area.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Camp Towles area of Taylor County, West Virginia, containing 0.17 square miles and formerly being a part of the Southwestern Public Service District, as follows:

"Beginning at a point in the western bounds of lands of the Haymond Public Service District and in the center of the Tygart Valley River, said point bears southeasterly, with the centerline of said river, 2.23 miles from the westernmost corner of said service district; thence from the place of beginning and with the western bounds of the lands of the Haymond Public Service District and the centerline of the Tygart Valley River, in a southeasterly direction and then in a southwesterly direction, 1.03 miles to a point; thence leaving the river and bounds of said service district, N. 22°30' W. 0.68 miles to the beginning, containing 0.17 of a square mile.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Victoria area of Preston County, West Virginia, containing 0.11 square miles and formerly being a part of the Clinton Public Service District, as follows:

"Beginning at a point where the centerline of Independence-Victoria Road intersects the Preston-Taylor County line, said point being in the east line of the lands of the Haymond Public Service District in Taylor County and bears S. 0°30' W. with said county line, 0.95 miles from the northeast corner of said service district; thence from the place of beginning and with the centerline of the Independence-Victoria Road, in a southeasterly direction, 0.64 miles to a point; thence leaving said road, S. 75°44' W. 0.43 miles to a point on the above-mentioned Preston and Taylor County line; thence with the Preston and Taylor County line, N. 0°30' E. 0.52 miles to the place of beginning, containing 0.11 of a square mile.

3. That the Clerk of the Preston County Commission be directed to retain an authentic copy of this Order within her Office. The Clerk is further directed, within ten (10) days of the entry of this Order, to file a certified copy thereof with the Executive Secretary of the Public Service Commission of the State of West Virginia for review and approval.

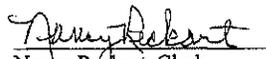
By Order of the County Commission of Preston County, West Virginia, dated the 30th day of March, 2009.


T. Craig Jennings, President

STATE OF WEST VIRGINIA,
COUNTY OF PRESTON

I, Nancy Reckart, Clerk of the County Commission of Preston County, West Virginia, do hereby certify that this document is a true copy from the records or order made and entered into by the Preston County Commission on the 30th day of March, 2009.

ATTEST:


Nancy Reckart, Clerk
Preston County Commission

BEFORE THE COUNTY COMMISSION OF PRESTON COUNTY, WEST VIRGINIA

NOTICE OF PUBLIC HEARING
ON THE PROPOSED DISSOLUTION OF THE HAYMOND PUBLIC SERVICE DISTRICT
AND THE ENLARGEMENT OF THE TAYLOR COUNTY PUBLIC SERVICE DISTRICT

NOTICE is hereby given that the County Commission of Preston County, West Virginia, deeming such to be conducive to the protection of the public health, comfort, and convenience, does, by its own motion, approve the proposal of the Taylor County Commission that the Haymond Public Service District be dissolved and that the Taylor County Public Service District be expanded to include the authority to construct, maintain, and operate a water distribution system and to provide and sell potable water on a retail basis to individual customers within the territory hereto fore occupied by the said Haymond Public Service District, said territory being described in metes and bounds, as follows:

"Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor county line S. 63°40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County line S. 0°30' W. 2.41 miles to the centerline of Three Fork Creek; thence leaving the Taylor-Preston County line and with the centerline of Three Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the former Thornton Public Service District boundary (and now the Taylor County Public Service District boundary) S. 59° W. 1.33 miles to a point; thence S. 85° W. 0.68 miles to a point; thence leaving the former Thornton Public Service District boundary N. 37°20' W. 1.51 miles to a point; thence S. 74°10' W. 0.58 miles to a point; thence S. 10°30' W. 0.51 miles to a point on the Grafton City Corporation boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation boundary line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68°30' W. 0.49 miles to a point; thence N. 22°30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County boundary line N. 72°45' E. 3.5 miles to a point; thence N. 34°20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning, containing 38.23 square miles in area.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Camp Towles area of Taylor County, West Virginia, containing 0.17 square miles and formerly being a part of the Southwestern Public Service District, as follows:

"Beginning at a point in the western bounds of lands of the Haymond Public Service District and in the center of the Tygart Valley River, said point bears southeasterly, with the centerline of said river, 2.23 miles from the westernmost corner of said service district; thence from the place of beginning and with the western bounds of the lands of the Haymond Public Service District and the centerline of the Tygart Valley River, in a southeasterly direction and then in a southwesterly direction, 1.03 miles to a point; thence leaving the river and bounds of said service district, N. 22°30' W. 0.68 miles to the beginning, containing 0.17 of a square mile.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Victoria area of Preston County, West Virginia, containing 0.11 square miles and formerly being a part of the Clinton Public Service District, as follows:

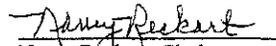
"Beginning at a point where the centerline of Independence-Victoria Road intersects the Preston-Taylor County line, said point being in the east line of the lands of the Haymond Public Service District in Taylor County and bears S. 0°30' W. with said county line, 0.95 miles from the northeast corner of said service district; thence from the place of beginning and with the centerline of the Independence-Victoria Road, in a southeasterly direction, 0.64 miles to a point; thence leaving said road S. 75°44' W. 0.43 miles to a point on the above-mentioned Preston and Taylor County line; thence with the Preston and Taylor County line, N. 0°30' E. 0.52 miles to the place of beginning, containing 0.11 of a square mile.

RECEIVED
TAYLOR COUNTY PUBLIC SERVICE
DISTRICT COMMISSION
CLERK'S OFFICE
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All persons residing in, or owning or having an interest in property in the territory heretofore described are hereby notified that the County Commission of Preston County, West Virginia, shall conduct a Public Hearing, on the 9th day of March, 2009, at 10:30 am, in the Preston County Commission meeting room, 103 N. Price Street, Kingwood, West Virginia, at which time all interested parties may appear and have an opportunity to be heard for or against the proposed dissolution of the Haymond Public Service District and/or the proposed expansion of the Taylor County Public Service District.


T. Craig Jennings, President

I, Nancy Reckart, Clerk of the County Commission of Preston County, West Virginia, do hereby certify that this document is a true copy from the records or order made and entered into by the Preston County Commission on the 9th day of February, 2009.


Nancy Reckart, Clerk

LEGAL NOTICE
BEFORE THE COUNTY COMMISSION OF PRESTON COUNTY,
WEST VIRGINIA

NOTICE OF PUBLIC HEARING
ON THE PROPOSED DISSOLUTION OF THE HAYMOND PUBLIC SERVICE
DISTRICT AND THE ENLARGEMENT OF THE TAYLOR COUNTY PUBLIC
SERVICE DISTRICT

NOTICE is hereby given that the County Commission of Preston County, West Virginia, deeming such to be conducive to the protection of the public health, comfort and convenience, does by its own authority approve the proposal of the Taylor County Commission that the Haymond Public Service District be dissolved and that the Taylor County Public Service District be expanded to include the authority to construct, maintain and operate a water distribution system and to provide and sell potable water on a retail basis to individual customers within the territory heretofore occupied by the said Haymond Public Service District said territory being described in metes and bounds, as follows:

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties thence with the Monongalia-Taylor County line S. 63° 40' E. 2.64 miles to the Preston County line thence with the Preston-Taylor County line S. 0° 30' W. 2.41 miles to the centerline of Three Fork Creek thence leaving the Taylor-Preston County line and with the centerline of Three Fork Creek 4.36 miles in a southwesterly direction to a point thence leaving the Creek and with two lines of the former Haymond Public Service District boundary (and now the Taylor County Public Service District boundary) S. 59° W. 1.33 miles to a point thence S. 85° W. 0.68 miles to a point thence leaving the former Thornton Public Service District boundary N. 37° 20' W. 0.91 miles to a point thence S. 74° 10' W. 0.58 miles to a point thence S. 10° 30' W. 0.64 miles to a point on the Gratton City Corporation boundary thence in a westerly direction with the corporation line 0.42 miles to a point thence leaving the Gratton Corporation boundary line 2.98 miles with the ridge line in a northwestern direction to a point thence leaving the ridge line N. 63° 30' W. 0.49 miles to a point thence N. 22° 30' W. 0.7 miles to a point in the middle of the Tygart Valley River thence down river with the center line 3.26 miles to the Marion County line thence leaving the river and with three lines of the Marion-Taylor County boundary line N. 72° 43' E. 3.5 miles to a point thence N. 34° 20' E. 1.33 miles to a point thence N. 58° E. 4.55 miles to the beginning, containing 38.24 square miles of land.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Camp Towles area of Taylor County, West Virginia, containing 0.17 square miles and formerly being a part of the Southwestern Public Service District, as follows:

Beginning at a point in the western bounds of lands of the Haymond Public Service District and in the center of the Tygart Valley River, said point bears southeasterly with the centerline of said river 2.23 miles from the westernmost corner of said service district, thence from the place of beginning and with the western bounds of the lands of the Haymond Public Service District and the centerline of the Tygart Valley River in a southeasterly direction and then in a southwesterly direction, 0.93 miles to a point thence leaving the river and bounds of said service district, N. 22° 30' W. 0.68 miles to the beginning, containing 0.17 of a square mile.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Victoria area of Preston County, West Virginia, containing 0.11 square miles and formerly being a part of the Clinton Public Service District, as follows:

Beginning at a point where the centerline of Independence Victoria Road intersects the Preston-Taylor County line, said point being in the east line of the lands of the Haymond Public Service District in Taylor County and bears S. 0° 30' W. with said county line, 0.95 miles from the northeast corner of said service district thence from the place of beginning and with the centerline of the Independence-Victoria Road, in a southeasterly direction, 0.82 miles to a point thence leaving said road, S. 75° 44' W. 0.43 miles to a point on the above-mentioned Preston and Taylor County line thence with the Preston and Taylor County line N. 0° 30' E. 0.52 miles to the place of beginning, containing 0.11 of a square mile.

All persons residing in, or owning or having an interest in property in the territory heretofore described are hereby notified that the County Commission of Preston County, West Virginia, shall conduct a Public Hearing on the 9th day of March, 2009, at 10:00 am, in the Preston County Commission meeting room, 103 N. Price Street, Kingwood, West Virginia, at which time all interested parties may appear and have an opportunity to be heard for or against the proposed dissolution of the Haymond Public Service District and/or the proposed expansion of the Taylor County Public Service District.

I, Nancy Beckart, Clerk of the County Commission of Preston County, West Virginia, do hereby certify that this document is a true copy from the records, or order made and entered into by the Preston County Commission on the 9th day of February, 2009.

Nancy Beckart, Clerk
2/25

SECRETARY'S OFFICE

COMMISSION

W VA PUBLIC SERVICE

2009 APR 2 AM 8 44

RECEIVED

ertificate of Publication

RECEIVED

2009 APR 2 AM 8 44

WVA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

I, **Carol Peters**, the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Dissolution of The Haymond PSD

a copy of which notice is hereto annexed, was published in said paper for One successive weeks, beginning with its issue of 2/25/09

and expiring with its issue of 2/25/09

And, I do further certify that on 2/25/09

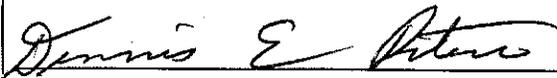
I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.



ADVERTISING MANAGER

Subscribed and sworn to before me this the

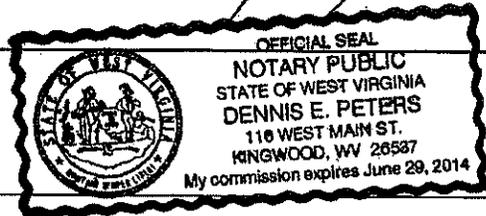
26th day of February, 2009



NOTARY PUBLIC

My commission expires

6/29/2014



Kingwood, WV

Received of _____

Amount for publishing notice hereto \$ _____

ADVERTISING MANAGER

RECEIVED
09 APR 2 8 41
VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

**RESOLUTION AND ORDER
DISSOLVING THE HAYMOND PUBLIC SERVICE DISTRICT
AND ENLARGING THE TAYLOR COUNTY PUBLIC SERVICE DISTRICT**

WHEREAS, the County Commission of Taylor County, West Virginia, by Order dated the 2nd day of February, 2009, did, on its own Motion, propose that the Haymond Public Service District be dissolved and that the Taylor County Public Service District Taylor County Public Service District be expanded to include the authority to construct, maintain, and operate a water distribution system and to provide and sell potable water on a retail basis to individual customers within the territory heretofore occupied by the said Haymond Public Service District;

AND WHEREAS, the said County Commission by said Order did direct that a public hearing be convened on the 19th day of March, 2009, at 6:00 p.m., at which time all persons residing in, or owning or having an interest in, property in the territory heretofore described, shall have an opportunity to appear and be heard for or against the proposed dissolution of the Haymond Public Service District and/or the proposed expansion of the Taylor County Public Service District;

AND WHEREAS, notice of the public hearing was published at least 10 days prior to said hearing as a Class I legal advertisement, in accordance with Chapter 59, Article 3, Section I, et seq., of the West Virginia Code, as amended;

AND WHEREAS, notice of said hearing was posted not less than ten days before the hearing in at least five conspicuous places in the area heretofore described, all as prescribed by Chapter 16, Article 13A, Section 2, of said Code;

AND WHEREAS, the County Commission, at the conclusion of said hearing, did consider the feasibility of the proposed dissolution of the Haymond Public Service District and the proposed expansion of the Taylor County Public Service District and does find the same to be conducive to the protection of public health, comfort, and convenience;

NOW THEREFORE, the said Taylor County Commission, does hereby does hereby **RESOLVE AND ORDER**, as follows:

1. That the Haymond Public Service District be dissolved effective the 30th day of June, 2009.

2. That the Taylor County Public Service District be expanded to include the authority to construct, maintain, and operate a water distribution system and to provide and sell potable water on a retail basis to individual customers within the territory hereto fore occupied by the said Haymond Public Service District, said territory being described in metes and bounds, as follows:

"Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor county line S. 63°40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County line S. 0°30' W. 2.41 miles to the centerline of Three Fork Creek; thence leaving the Taylor-Preston County line and with the centerline of Three Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the former Thornton Public Service District boundary (and now the Taylor County Public Service District boundary) S. 59° W. 1.33 miles to a point; thence S. 85° W. 0.68 miles to a point; thence leaving the former Thornton Public Service District boundary N. 37°20' W. 1.51 miles to a point; thence S. 74°10' W. 0.58 miles to a point; thence S. 10°30' W. 0.51 miles to a point on the Grafton City Corporation boundary; thence in a westerly direction with the corporation line 0.42 miles to a point;

thence leaving the Grafton Corporation boundary line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68°30' W. 0.49 miles to a point; thence N. 22°30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County boundary line N. 72°45' E. 3.5 miles to a point; thence N. 34°20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning, containing 38.23 square miles in area.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Camp Towles area of Taylor County, West Virginia, containing 0.17 square miles and formerly being a part of the Southwestern Public Service District, as follows:

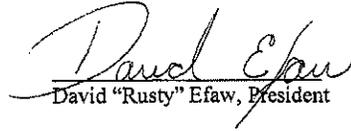
"Beginning at a point in the western bounds of lands of the Haymond Public Service District and in the center of the Tygart Valley River, said point bears southeasterly, with the centerline of said river, 2.23 miles from the westernmost corner of said service district; thence from the place of beginning and with the western bounds of the lands of the Haymond Public Service District and the centerline of the Tygart Valley River, in a southeasterly direction and then in a southwesterly direction, 1.03 miles to a point; thence leaving the river and bounds of said service district, N. 22°30' W. 0.68 miles to the beginning, containing 0.17 of a square mile.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Victoria area of Preston County, West Virginia, containing 0.11 square miles and formerly being a part of the Clinton Public Service District, as follows:

"Beginning at a point where the centerline of Independence-Victoria Road intersects the Preston-Taylor County line, said point being in the east line of the lands of the Haymond Public Service District in Taylor County and bears S. 0°30' W. with said county line, 0.95 miles from the northeast corner of said service district; thence from the place of beginning and with the centerline of the Independence-Victoria Road, in a southeasterly direction, 0.64 miles to a point; thence leaving said road, S. 75°44' W. 0.43 miles to a point on the above-mentioned Preston and Taylor County line; thence with the Preston and Taylor County line, N. 0°30' E. 0.52 miles to the place of beginning, containing 0.11 of a square mile.

3. That the Clerk of the Taylor County Commission be directed to retain an authentic copy of this Order within her Office. The Clerk is further directed, within ten (10) days of the entry of this Order, to file a certified copy thereof with the Executive Secretary of the Public Service Commission of the State of West Virginia for review and approval.

By Order of the County Commission of Taylor County, West Virginia, dated the 19th day of March, 2009.


David "Rusty" Efaw, President

STATE OF WEST VIRGINIA,
COUNTY OF TAYLOR

I, Nancy Virginia Fowler, Clerk of the County Commission of Taylor County, West Virginia, do hereby certify that this document is a true copy from the records or order made and entered into by the Taylor County Commission on the 19th day of March, 2009.

ATTEST:


Nancy Virginia Fowler, Clerk
Taylor County Commission

Survey can also be considered for remaining funds but must meet requirements to be in the Parkview Project area. David Gobel made a motion seconded by Tony Veltri to take this under advisement. Motion Carried Unanimously. Region VI will also re-consider the additional cost.

A Hearing was held to consider a Resolution and Order Dissolving the Haymond Public Service District and Enlarging the Taylor County Public Service District. This Hearing was explained in detail by Robert C. Gorey, Jr., Attorney. Ralph Sapp and Ernie Utter were present. They misunderstood the purpose of the Hearing. They had concerns over the proposed rate increase which was not related to this Hearing, Therefore, no one objected. A motion was made by Tony Veltri seconded by David Efav to approve a Resolution and Order Proposing the Dissolution of the Haymond Public Service District and the Enlargement of the Taylor County Public Service District. Motion Carried Unanimously. Resolutions and Orders for Taylor and Preston Counties are recorded at the end of these Minutes.

and the proposed expansion of the Taylor County Public Service District and does find the same to be conducive to the protection of public health, comfort and convenience. Motion Carried Unanimously.

Tony Veltri made a motion seconded by David Gobel to approve recommendation of coverage by Insurance Company for \$5,600,000.00 for Court House and Annex and \$500,000 for Jail. Motion Carried Unanimously.

Kevin Stead, City Manager, and Gerald Isner, Councilman, met with the Commission and discussed new sidewalks in front of Court House and Annex. It is in the design stage. The Commission plans to meet with engineer for some recommendations.

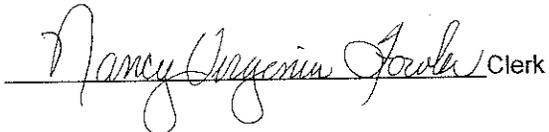
The Commission reviewed the 2010 Budget. A motion was made by Tony Veltri seconded by David Gobel to approve 2010 General County and Coal Severance Budgets. Motion Carried Unanimously.

A motion was made by Tony Veltri seconded by David Gobel to approve Nancy Virginia Fowler to sign Budget Revisions. Motion Carried Unanimously.

Bills were approved as follows: Home Detention \$348.42; Magistrate \$89.79 and General County \$132,238.12.

David Gobel made a motion seconded by Tony Veltri to approve request of Circuit Clerk as per her letter to hire Patricia A. Abruzzino as a temporary full time employee. Motion Carried Unanimously. The Commission does not have this classification listed in the 2004 Administrative Policies.

No further business came before the Commission. Meeting adjourned at 11:15 p.m.

 Clerk

BEFORE THE COUNTY COMMISSION OF TAYLOR COUNTY, WEST VIRGINIA

RESOLUTION AND ORDER
DISSOLVING THE HAYMOND PUBLIC SERVICE DISTRICT
AND ENLARGING THE TAYLOR COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Taylor County, West Virginia, by Order dated the 2nd day of February, 2009, did, on its own Motion, propose that the Haymond Public Service District be dissolved and that the Taylor County Public Service District Taylor County Public Service District be expanded to include the authority to construct, maintain, and operate a water distribution system and to provide and sell potable water on a retail basis to individual customers within the territory heretofore occupied by the said Haymond Public Service District;

AND WHEREAS, the said County Commission by said Order did direct that a public hearing be convened on the 19th day of March, 2009, at 6:00 p.m., at which time all persons residing in, or owning or having an interest in, property in the territory heretofore described, shall have an opportunity to appear and be heard for or against the proposed dissolution of the Haymond Public Service District and/or the proposed expansion of the Taylor County Public Service District;

AND WHEREAS, notice of the public hearing was published at least 10 days prior to said hearing as a Class 1 legal advertisement, in accordance with Chapter 59, Article 3, Section 1, et seq. of the West Virginia Code, as amended;

AND WHEREAS, notice of said hearing was posted not less than ten days before the hearing in at least five conspicuous places in the area heretofore described, all as prescribed by Chapter 16, Article 13A, Section 2, of said Code;

AND WHEREAS, the County Commission, at the conclusion of said hearing, did consider the feasibility of the proposed dissolution of the Haymond Public Service District and the proposed expansion of the Taylor County Public Service District and does find the same to be conducive to the protection of public health, comfort, and convenience;

NOW THEREFORE, the said Taylor County Commission, does hereby does hereby RESOLVE AND ORDER, as follows:

1. That the Haymond Public Service District be dissolved effective the 30th day of June, 2009.
2. That the Taylor County Public Service District be expanded to include the authority to construct, maintain, and operate a water distribution system and to provide and sell potable water on a retail basis to individual customers within the territory hereto fore occupied by the said Haymond Public Service District, said territory being described in metes and bounds, as follows:

"Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor county line S. 63°40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County line S. 0°30' W. 2.41 miles to the centerline of Three Fork Creek; thence leaving the Taylor-Preston County line and with the centerline of Three Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the former Thornton Public Service District boundary (and now the Taylor County Public Service District boundary) S. 59° W. 1.33 miles to a point; thence S. 85°W. 0.68 miles to a point; thence leaving the former Thornton Public Service District boundary N. 37°20' W. 1.51 miles to a point; thence S. 74° 10' W. 0.58 miles to a point; thence S. 10°30' W. 0.51 miles to a point on the Grafton City Corporation boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation boundary line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68°30' W. 0.49 miles to a point; thence N. 22°30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County boundary line N. 72°45' E. 3.5 miles to a point; thence N. 34°20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning, containing 38.23 square miles in area.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Camp Towles area of Taylor County, West Virginia, containing 0.17 square miles and formerly being a part of the Southwestern Public Service District, as follows:

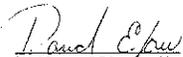
"Beginning at a point in the western bounds of lands of the Haymond Public Service District and in the center of the Tygart Valley River, said point bears southeasterly, with the centerline of said river, 2.23 miles from the westernmost corner of said service district; thence from the place of beginning and with the western bounds of the lands of the Haymond Public Service District and the centerline of the Tygart Valley River, in a southeasterly direction and then in a southwesterly direction, 1.03 miles to a point; thence leaving the river and bounds of said service district, N. 22°30' W. 0.68 miles to the beginning, containing 0.17 of a square mile.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Victoria area of Preston County, West Virginia, containing 0.11 square miles and formerly being a part of the Clinton Public Service District, as follows:

"Beginning at a point where the centerline of Independence-Victoria Road intersects the Preston-Taylor County line, said point being in the east line of the lands of the Haymond Public Service District in Taylor County and bears S. 0°30' W. with said county line, 0.95 miles from the northeast corner of said service district; thence from the place of beginning and with the centerline of the Independence-Victoria Road, in a southeasterly direction, 0.64 miles to a point; thence leaving said road, S. 75°44' W. 0.43 miles to a point on the above-mentioned Preston and Taylor County line; thence with the Preston and Taylor County line, N. 0°30' E. 0.52 miles to the place of beginning, containing 0.11 of a square mile.

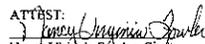
3. That the Clerk of the Taylor County Commission be directed to retain an authentic copy of this Order within her Office. The Clerk is further directed, within ten (10) days of the entry of this Order, to file a certified copy thereof with the Executive Secretary of the Public Service Commission of the State of West Virginia for review and approval.

By Order of the County Commission of Taylor County, West Virginia, dated the 19th day of March, 2009.


David "Rusty" Efav, President

STATE OF WEST VIRGINIA,
COUNTY OF TAYLOR

I, Nancy Virginia Fowler, Clerk of the County Commission of Taylor County, West Virginia, do hereby certify that this document is a true copy from the records or order made and entered into by the Taylor County Commission on the 19th day of March, 2009.

ATTEST:

Nancy Virginia Fowler, Clerk
Taylor County Commission

BEFORE THE COUNTY COMMISSION OF PRESTON COUNTY, WEST VIRGINIA

RESOLUTION AND ORDER APPROVING THE
DISSOLUTION OF THE HAYMOND PUBLIC SERVICE DISTRICT
AND ENLARGING THE TAYLOR COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Preston County, West Virginia, by Order dated the 9th day of February, 2009, did, on its own Motion, approve the proposal of the Taylor County Commission that the Haymond Public Service District be dissolved and that the Taylor County Public Service District Taylor County Public Service District be expanded to include the authority to construct, maintain, and operate a water distribution system and to provide and sell potable water on a retail basis to individual customers within the territory heretofore occupied by the said Haymond Public Service District;

AND WHEREAS, the said County Commission by said Order did direct that a public hearing be convened on the 9th day of March, 2009, at 10:30 a.m., at which time all persons residing in, or owning or having an interest in, property in the territory heretofore described, shall have an opportunity to appear and be heard for or against the proposed dissolution of the Haymond Public Service District and/or the proposed expansion of the Taylor County Public Service District;

AND WHEREAS, notice of the public hearing was published at least 10 days prior to said hearing as a Class I legal advertisement, in accordance with Chapter 59, Article 3, Section 1, et seq., of the West Virginia Code, as amended;

AND WHEREAS, notice of said hearing was posted not less than ten days before the hearing in at least five conspicuous places in the area heretofore described, all as prescribed by Chapter 16, Article 13A, Section 2, of said Code;

AND WHEREAS, the County Commission, at the conclusion of said hearing, did consider the feasibility of the proposed dissolution of the Haymond Public Service District and the proposed expansion of the Taylor County Public Service District and does find the same to be conducive to the protection of public health, comfort, and convenience;

NOW THEREFORE, the said Preston County Commission, does hereby does hereby RESOLVE, ORDER AND APPROVE THE ACTION OF THE TAYLOR COUNTY COMMISSION, as follows:

1. That the Haymond Public Service District be dissolved effective the 30th day of June, 2009.
2. That the Taylor County Public Service District be expanded to include the authority to construct, maintain, and operate a water distribution system and to provide and sell potable water on a retail basis to individual customers within the territory hereto fore occupied by the said Haymond Public Service District, said territory being described in metes and bounds, as follows:

"Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor county line S. 63°40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County line S. 0°30' W. 2.41 miles to the centerline of Three Fork Creek; thence leaving the Taylor-Preston County line and with the centerline of Three Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the former Thornton Public Service District boundary (and now the Taylor County Public Service District boundary) S. 59° W. 1.33 miles to a point; thence S. 85°W. 0.68 miles to a point; thence leaving the former Thornton Public Service District boundary N. 37°20' W. 1.51 miles to a point; thence S. 74°10' W. 0.58 miles to a point; thence S. 10°30' W. 0.51 miles to a point on the Grafton City Corporation boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation boundary line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68°30' W. 0.49 miles to a point; thence N. 22°30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County boundary line N. 72°45' E. 3.5 miles to a point; thence N. 34°20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning, containing 38.23 square miles in area.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Camp Towles area of Taylor County, West Virginia, containing 0.17 square miles and formerly being a part of the Southwestern Public Service District, as follows:

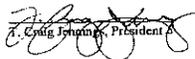
"Beginning at a point in the western bounds of lands of the Haymond Public Service District and in the center of the Tygart Valley River, said point bears southeasterly, with the centerline of said river, 2.23 miles from the westernmost corner of said service district; thence from the place of beginning and with the western bounds of the lands of the Haymond Public Service District and the centerline of the Tygart Valley River, in a southeasterly direction and then in a southwesterly direction, 1.03 miles to a point; thence leaving the river and bounds of said service district, N. 22°30' W. 0.68 miles to the beginning, containing 0.17 of a square mile.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Victoria area of Preston County, West Virginia, containing 0.11 square miles and formerly being a part of the Clinton Public Service District, as follows:

"Beginning at a point where the centerline of Independence-Victoria Road intersects the Preston-Taylor County line, said point being in the east line of the lands of the Haymond Public Service District in Taylor County and bears S. 0°30' W. with said county line, 0.95 miles from the northeast corner of said service district; thence from the place of beginning and with the centerline of the Independence-Victoria Road, in a southeasterly direction, 0.64 miles to a point; thence leaving said road, S. 75°44' W. 0.43 miles to a point on the above-mentioned Preston and Taylor County line; thence with the Preston and Taylor County line, N. 0°30' E. 0.52 miles to the place of beginning, containing 0.11 of a square mile.

3. That the Clerk of the Preston County Commission be directed to retain an authentic copy of this Order within her Office. The Clerk is further directed, within ten (10) days of the entry of this Order, to file a certified copy thereof with the Executive Secretary of the Public Service Commission of the State of West Virginia for review and approval.

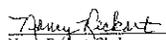
By Order of the County Commission of Preston County, West Virginia, dated the 30th day of March, 2009.


Cynthia Johnson, President

STATE OF WEST VIRGINIA,
COUNTY OF PRESTON

I, Nancy Reckart, Clerk of the County Commission of Preston County, West Virginia, do hereby certify that this document is a true copy from the records or order made and entered into by the Preston County Commission on the 30th day of March, 2009.

ATTEST:


Nancy Reckart, Clerk
Preston County Commission

A Copy Teste  Clerk

RECEIVED
 2000 APR 2 10 11 AM
 W. VA. PUBLIC SERVICE
 COMMISSION
 SECRETARY'S OFFICE

NOTICE OF PUBLIC HEARING
ON THE PROPOSED DISSOLUTION OF THE HAYMOND PUBLIC SERVICE DISTRICT
AND THE ENLARGEMENT OF THE TAYLOR COUNTY PUBLIC SERVICE DISTRICT

NOTICE is hereby given that the County Commission of Taylor County, West Virginia, deeming such to be conducive to the protection of the public health, comfort, and convenience, has, by its own motion propose that the Haymond Public Service District be dissolved and that the Taylor County Public Service District be expanded to include the authority to construct, maintain, and operate a water distribution system and to provide and sell potable water on a retail basis to individual customers within the territory hereto fore occupied by the said Haymond Public Service District, said territory being described in metes and bounds, as follows:

"Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor county line S. 63°40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County line S. 0°30' W. 2.41 miles to the centerline of Three Fork Creek; thence leaving the Taylor-Preston County line and with the centerline of Three Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the former Thornton Public Service District boundary (and now the Taylor County Public Service District boundary) S. 59° W. 1.33 miles to a point; thence S. 85° W. 0.68 miles to a point; thence leaving the former Thornton Public Service District boundary N. 37°20' W. 1.51 miles to a point; thence S. 74°10' W. 0.58 miles to a point; thence S. 10°30' W. 0.51 miles to a point on the Grafton City Corporation boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation boundary line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68°30' W. 0.49 miles to a point; thence N. 22°30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County boundary line N. 72°45' E. 3.5 miles to a point; thence N. 34°20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning, containing 38.23 square miles in area.

Additionally, said Haymond Public District was previously expanded to include a small area of land in the Camp Towles area of Taylor County, West Virginia, containing 0.17 square miles and formerly being a part of the Southwestern Public Service District, as follows:

"Beginning at a point in the western bounds of lands of the Haymond Public Service District and in the center of the Tygart Valley River, said point bears southeasterly, with the centerline of said river, 2.23 miles from the westernmost corner of said service district; thence from the place of beginning and with the western bounds of the lands of the Haymond Public Service District and the centerline of the Tygart Valley River, in a southeasterly direction and then in a southwesterly direction, 1.03 miles to a point; thence leaving the river and bounds of said service district, N. 22°30' W. 0.68 miles to the beginning, containing 0.17 of a square mile.

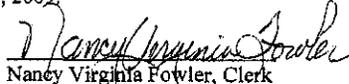
Additionally, said Haymond Public District was previously expanded to include a small area of land in the Victoria area of Preston County, West Virginia, containing 0.11 square miles and formerly being a part of the Clinton Public Service District, as follows:

"Beginning at a point where the centerline of Independence-Victoria Road intersects the Preston-Taylor County line, said point being in the east line of the lands of the Haymond Public Service District in Taylor County and bears S. 0°30' W. with said county line, 0.95 miles from the northeast corner of said service district; thence from the place of beginning and with the centerline of the Independence-Victoria Road, in a southeasterly direction, 0.64 miles to a point; thence leaving said road, S. 75°44' W. 0.43 miles to a point on the above-mentioned Preston and Taylor County line; thence with the Preston and Taylor County line, N. 0°30' E. 0.52 miles to the place of beginning, containing 0.11 of a square mile.

All persons residing in, or owning or having an interest in property in the territory heretofore described are hereby notified that the County Commission of Taylor County, West Virginia, shall conduct a Public Hearing, on the 19th day of March, 2009, at 6:00 pm, in the Taylor County Commission meeting room of the Taylor County Courthouse, 214 West Main Street, Grafton, West Virginia, at which time all interested parties may appear and have an opportunity to be heard for or against the proposed dissolution of the Haymond Public Service District and/or the proposed expansion of the Taylor County Public Service District.


David "Rusty" Eflaw, President

I, Nancy Virginia Fowler, Clerk of the County Commission of Taylor County, West Virginia, do hereby certify that this document is a true copy from the records or order made and entered into by the Taylor County Commission on the 2nd day of February, 2009.


Nancy Virginia Fowler, Clerk

THE MOUNTAIN STATESMAN
PO BOX 218
GRAFTON, WV 26354
 (304) 265-3333
 FEIN NO. 363672215

ROBERT C GOREY
 PO BOX 4
 GRAFTON WV 26354

LEGAL ADVERTISEMENT INVOICE

ACCT# LEGAL#

DESCRIPTION: NOTICE OF PUBLIC HEARING
 DISSOLUTION OF HAYMOND PSD/ENLARGEMENT OF TAYLOR CO PSD

PUBLICATION DATES	PUBLICATION COST
3/6/2009	\$ 120.75
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
AFFIDAVIT FEE	\$ 2.00
TOTAL	\$ 122.75

Legal Rate: .11 1/5 cents per word space for the first publication
 75% of the first cost for each additional publication

AFFIDAVIT

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR,
 JEAN ELLERMAN, PUBLISHER of the MOUNTAIN STATESMAN,
 a Newspaper Published in Grafton in said county,
 do hereby certify that the annexed

Was published once a week for one
 weeks in said Mountain Statesman a Newspaper as aforesaid,
 commencing on the 6th March 2009

Publisher: *Jean Ellerman*

WEST VIRGINIA, TAYLOR COUNTY, TO WIT:
 Subscribed and sworn before me this 13th
 day of March 2009.

Notary Public: *[Signature]*
 My commission expires: May 14, 2013

RECEIVED
 2009 APR 2 AM 8 42
 W VA PUBLIC SERVICE
 COMMISSION
 SECRETARY'S OFFICE



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: July 29, 2009

FINAL

8/18/2009

CASE NO. 09-0487-PWD-PC

TAYLOR COUNTY COMMISSION
and
PRESTON COUNTY COMMISSION

Petition for consent and approval of the
dissolution of the Haymond Public Service
and the enlargement of the Taylor County
Public Service District.

RECOMMENDED DECISION

PROCEDURE

On April 2, 2009, a joint petition was filed by the Taylor County Commission and the Preston County Commission (jointly Petitioners) under the auspices of West Virginia Code §16-13A-2, seeking the Commission's consent and approval of the dissolution of the Haymond County Public Service District (Haymond District) and the enlargement of the Taylor County Public Service District (Taylor District).

According to the joint petition, the Haymond District serves 493 customers in both Taylor and Preston Counties. The bulk of the customers, 483, reside in Taylor County and only 10 customers reside in Preston County. Also according to the joint petition, the following documents were filed in support of the joint petition:

1. Minutes from the Haymond District;
2. Minutes from the Taylor District;
3. Order and Resolution from the Taylor County Commission;
4. Notice of Public Hearing by the Taylor County Commission;
5. Order and Resolution from the Preston County Commission;
6. Notice of Public Hearing by the Preston County Commission; and
7. Map showing the current bounds of the Haymond Public Service District.

On April 28, 2009, Commission Staff filed its Initial Joint Staff Memorandum. That Memorandum identified the additional information that Staff needed in order to make its substantive recommendations. Also on April 28, 2009, Commission Staff propounded its first data request on the Petitioners requesting that they provide the information that Staff needed in order to complete its review and file its substantive recommendations.

On May 13, 2009, the Petitioners filed answers to Staff's first data request, including an unexecuted copy of the Sales Agreement.

By Commission Order entered on May 13, 2009, this matter was referred to the Division of Administrative Law Judges with a decision due date of October 30, 2009.

On June 29, 2009, Commission Staff filed its substantive recommendations in this case recommending that the petition be granted subject to bondholder approval and a rate case being filed by the Taylor District 18 months after bondholder approval and the implementation of the merger of the Districts.

On June 29, 2009, a copy of Staff's final substantive recommendations was mailed to the joint Petitioners by the Commission's Executive Secretary with a cover letter advising them that they could respond to Staff's recommendations within ten days from the date of the letter.

By Procedural Order issued on July 13, 2009, the undersigned requested that the joint Petitioners advise whether it was their intention for the Sales Agreement to be considered within the context of the instant case. Additionally, Commission Staff was directed to provide, among other things, insight as to the financial and operational fitness of the Taylor County Public Service District.

On July 21, 2009, the joint Petitioners filed a response to the July 13, 2009 Procedural Order.

On July 23, 2009, the joint Petitioners filed a further response to the July 13, 2009 Procedural Order, advising that they did not wish to pursue the Sales Agreement and requesting that the same be withdrawn. They also filed copies of the cards confirming that their water plant operators have been certified by the West Virginia Bureau of Public Health.

On July 27, 2009, Commission Staff filed a Further Final Joint Staff Memorandum. Commission Staff advised, in greater detail, as to the financial, operational and managerial fitness of the Taylor County Public Service District to operate the merged districts.

DISCUSSION

With the withdrawal of the Sales Agreement by the joint Petitioners and Commission Staff filing the additional information requested of it, this case is ripe for decision.

The Haymond District will be dissolved, if the joint petition is granted, and merged with the Taylor District. Among other things, the Haymond Board is aged and no longer wishes to operate a water distribution system. Many of its operating requirements are now being provided by the Taylor District. See, Final Joint Staff Memorandum filed June 29, 2009.

Both the Preston and Taylor County Commissions have entered Orders approving the dissolution and merger of the Districts. Publication of the notices of the proposed dissolution and merger generated no public protest. See, April 2, 2009 joint petition and June 29, 2009 Final Joint Staff Memorandum.

In reviewing the petition and the documents filed in support thereof, the Administrative Law Judge finds that the joint Petitioners have substantially complied with the requirements of West Virginia Code §16-13A-2. The additional information filed by the Districts on July 23, 2009, and Commission Staff on July 27, 2009, supports a finding that the Taylor County Public Service District has the requisite personnel, financial expertise and management skills necessary to effectively run an enlarged/merged District. Therefore, the joint petition filed to dissolve the Haymond Public Service District and to merge it with the Taylor County Public Service District will be granted, subject to bondholder approval being obtained and the Taylor County Public Service District filing a rate case 18 months after bondholder approval has been secured and the merger has been implemented by the Districts. Furthermore, since the joint Petitioners have published and posted notice of the planned dissolution and merger of the Districts in both counties where the Districts are situated, without protest being received, it is appropriate to grant the requested relief without hearing.

Finally, if the makeup of the Taylor County Public Service District Board changes as a result of the merger of the Districts, as soon as practicable, but no later than ten (10) days after such change takes place, the Taylor County Public Service District shall advise the Commission of such change so that the Commission's records may accurately reflect the makeup of the newly merged district. Under Code §16-13A-3, it states as follows:

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

Accordingly, based upon the aforementioned portion of the Code, there is a possibility that the makeup of the Taylor County Public Service District Board may change after the effective date of the merger.

FINDINGS OF FACT

1. On April 2, 2009, a joint petition was filed by the Taylor and Preston County Commissions under the auspices of West Virginia Code §16-13A-2, seeking the Commission's consent and approval for the dissolution of the Haymond Public Service District and the enlargement of the Taylor County Public Service District. (See, joint petition filed on April 2, 2009).

2. Affidavits of Publication confirm that the Petitioners published notice of the proposed dissolution and merger as Class I publications on February 25, 2009, in The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, and on March 6, 2009, in the Mountain Statesman, a newspaper

published in Grafton, Taylor County. (See, April 2, 2009 joint petition).

3. No protests were received to the publication of the notices of the proposed dissolution and merger. (See, case file generally).

4. The Haymond District's Board is aged and does not want to continue operating a water distribution system because of the additional operational requirements and because the Taylor District is already providing many of those requirements for the Haymond District. The Taylor County Public Service District possesses the requisite personnel, financial expertise and management skills necessary to effectively run an enlarged/merged public service district. (See, Staff Memoranda filed June 29, 2009, and July 27, 2009, respectively).

5. Commission Staff recommended that the petition be granted subject to bondholder approval and a rate case being filed by the Taylor County Public Service District 18 months after bondholder approval and the implementation of the merger of the Districts. (See, Final Joint Staff Memorandum filed on June 29, 2009).

CONCLUSIONS OF LAW

1. When it is in the public interest to do so, county commissions may propose, inter alia, that public service districts dissolve and/or merge. Any such action, however, is subject to the written consent and approval of the Public Service Commission. West Virginia Code §16-13A-2.

2. It is reasonable to approve the Orders of the Preston and Taylor County Commissions and grant the joint petition, without hearing, since the Petitioners have substantially complied with the requirements of West Virginia Code §16-13A-2, including publication of the proposed dissolution and merger in both Preston and Taylor Counties, and no protests have been filed in response thereto.

3. If the makeup of the Taylor County Public Service District Board changes as a result of the merger, it is reasonable to require that the Taylor County Public Service District advise the Commission, so that the Commission's records may accurately reflect the makeup of the newly merged district. See, West Virginia Code §16-13A-3.

ORDER

IT IS, THEREFORE, ORDERED that the Orders entered on March 19, 2009, March 30, 2009, respectively by the Taylor County Commission and the Preston County Commission dissolving the Haymond Public Service District and merging said District into and with the Taylor County Public Service District, be, and hereby is, approved subject to bondholder approval being obtained and the Taylor County Public Service District filing a

rate case 18 months after bondholder approval has been secured and the merger has been implemented by the Districts.

IT IS FURTHER ORDERED that, if the makeup of the Taylor County Public Service District Board changes as a result of the merger of the Districts, as soon as practicable, but no later than ten (10) days after such change takes place, the Taylor County Public Service District advise the Commission of such change so that the Commission's records may accurately reflect the makeup of the newly merged district.

IT IS FURTHER ORDERED that this case is stricken 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.


Meyishi Pearl Blair
Administrative Law Judge

MPB:s:cdk:bam
090487aa.wpd

HAYMOND PUBLIC SERVICE DISTRICT

**A RESOLUTION RATIFYING THE MERGER OF HAYMOND
PUBLIC SERVICE DISTRICT INTO TAYLOR COUNTY
PUBLIC SERVICE DISTRICT**

WHEREAS, Haymond Public Service District (“Haymond”) is a public service district and public corporation created and expanded by Resolutions of The County Commission of Taylor County (the “Taylor County Commission”) and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the “Code”) to operate a waterworks system within its service territory in Taylor County, West Virginia and Preston County, West Virginia;

WHEREAS, Taylor County Public Service District (“Taylor County”) is a public service district and public corporation created and expanded by Resolutions of the Taylor County Commission and formed pursuant to the provisions of Chapter 16, Article 13A of Code to operate a waterworks system within its service territory in Taylor County, West Virginia;

WHEREAS, on March 19, 2009, the Taylor County Commission entered an order approving the dissolution of Haymond and the expansion of the service territory of Taylor County;

WHEREAS, on March 30, 2009, The County Commission of Preston County entered an order approving the dissolution of Haymond and the expansion of the service territory of Taylor County;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 09-0487-PWD-PC, approved and ordered the dissolution of Haymond and the merger of Haymond into Taylor County, as described more fully herein; and

WHEREAS, Haymond deems it desirable to adopt a Resolution ratifying its merger into Taylor County, and to confirm that all lawful actions required to effectuate the merger have been completed.

NOW, THEREFORE, BE IT RESOLVED BY HAYMOND PUBLIC SERVICE DISTRICT:

1. That the merger of Haymond into Taylor County, as approved by the Public Service Commission of West Virginia in Case No. 09-0487-PWD-PC, by Recommended Decision entered July 29, 2009, which became a Final Order on August 18, 2009, is hereby ratified, confirmed, and, in all respects deemed completed, contingent upon the following conditions established by the Public Service Commission of West Virginia:

(a) That the merger not be consummated between Haymond and Taylor County until both parties have received written bondholder approval from all bondholders of both Haymond and Taylor County; and

(b) Taylor County shall file a request for rate review with the Public Service

Commission of West Virginia no later than eighteen (18) months after the consummation of the merger.

2. In consideration of the merger, Taylor County shall assume and re-designate the following obligations of Haymond: (i) Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000; (ii) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$1,310,000; and (iii) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397.

3. Taylor County will also assume all rights and obligations with respect to the Rural Development grant and Appalachian Regional Commission grant previously received by Haymond pursuant to the respective Forms FmHA 1942-31 "Association Water or Sewer Grant Agreement", both dated November 20, 1986.

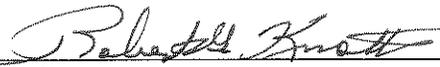
4. The Chairman and Secretary are hereby authorized and directed to execute and deliver a Quitclaim Deed, Bill of Sale, Assignment of Rights of Way, Assignment of Judgements and any other such other documents, agreements, instruments and certificates required or desirable in connection with the merger.

5. That all lawful actions required to effectuate the merger of Haymond into Taylor County have been completed, and are hereby ratified and confirmed.

[Remainder of Page Intentionally Blank]

Entered this 11th day of July, 2011.

HAYMOND PUBLIC SERVICE DISTRICT

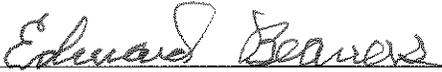
By: 
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HAYMOND PUBLIC SERVICE DISTRICT on the 11th day of July, 2011.

Dated: July 29, 2011.

[SEAL]


Secretary

888140.00005

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

**A RESOLUTION RATIFYING THE MERGER OF HAYMOND
PUBLIC SERVICE DISTRICT INTO TAYLOR COUNTY
PUBLIC SERVICE DISTRICT**

WHEREAS, Taylor County Public Service District (“Taylor County”) is a public service district and public corporation created and expanded by Resolutions of The County Commission of Taylor County (the “Taylor County Commission”) and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the “Code”) to operate a waterworks system within its service territory in Taylor County, West Virginia;

WHEREAS, Haymond Public Service District (“Haymond”) is a public service district and public corporation created and expanded by Resolutions of the Taylor County Commission and formed pursuant to the provisions of Chapter 16, Article 13A of Code to operate a waterworks system within its service territory in Taylor County, West Virginia and Preston County, West Virginia;

WHEREAS, on March 19, 2009, the Taylor County Commission entered an order approving the dissolution of Haymond and the expansion of the service territory of Taylor County;

WHEREAS, on March 30, 2009, the Preston County Commission entered an order approving the dissolution of Haymond and the expansion of the service territory of Taylor County;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 09-0487-PWD-PC, approved and ordered the dissolution of Haymond and the merger of Haymond into Taylor County, as described more fully herein; and

WHEREAS, Taylor County deems it desirous to adopt a Resolution ratifying the merger of Haymond into it, and to confirm that all lawful actions required to effectuate the merger have been completed.

NOW, THEREFORE, BE IT RESOLVED BY TAYLOR COUNTY PUBLIC SERVICE DISTRICT:

1. That the merger of Haymond into Taylor County, as approved by the Public Service Commission of West Virginia in Case No. 09-0487-PWD-PC, by Recommended Decision entered July 29, 2009, which became a Final Order on August 18, 2009, is hereby ratified, confirmed, and, in all respects deemed completed, contingent upon the following conditions established by the Public Service Commission of West Virginia:

(a) That the merger not be consummated between Haymond and Taylor County until both parties have received written bondholder approval from all bondholders of both Haymond and Taylor County; and

(b) Taylor County shall file a request for rate review with the Public Service

Commission of West Virginia no later than eighteen (18) months after the consummation of the merger.

2. Taylor County shall assume all obligations, including all covenants, rights, loan agreements, and responsibility for the payment of the principal of, interest on and debt service reserve for the Haymond Bonds, solely from the net revenues of the waterworks system of Taylor County.

3. In consideration of the merger, Taylor County shall assume and re-designate the following obligations of Haymond: (i) Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000; (ii) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$1,310,000; and (iii) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397.

4. Taylor County will also assume all rights and obligations with respect to the Rural Development grant and Appalachian Regional Commission grant previously received by Haymond pursuant to the respective Forms FmHA 1942-31 "Association Water or Sewer Grant Agreement", both dated November 20, 1986.

4 The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the merger.

5 That all lawful actions required to effectuate the merger of Haymond into Taylor County have been completed, and are hereby ratified and confirmed.

[Remainder of Page Intentionally Blank]

Entered this 11th day of July, 2011.

TAYLOR COUNTY PUBLIC
SERVICE DISTRICT

By: 
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of TAYLOR COUNTY PUBLIC SERVICE DISTRICT on the 11th day of July, 2011.

Dated: July 29, 2011.

[SEAL]



Secretary



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

July 29, 2011

**Consent to Assumption of Debt of Haymond Public Service District
by Taylor County Public Service District**

TO WHOM IT MAY CONCERN:

The undersigned STATE DIRECTOR of the United States Department of Agriculture, Rural Utilities Service, the present holder of Haymond Public Service District's Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000 (the "Haymond USDA Water Bonds") hereby consents to: (i) the merger of Haymond Public Service District into Taylor County Public Service District; and (ii) the assumption by Taylor County Public Service District of the Haymond USDA Water Bonds and upon such assumption, the Haymond USDA Water Bonds shall have a first lien on the net revenues of the Taylor County Public Service District waterworks system, on a parity with Taylor County Public Service District's: (1) Water Revenue Bonds, Series 1996 A (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$350,000; (2) Water Revenue Bonds, Series 1996 B (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$129,000; (3) 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; (4) Water Refunding Revenue Bonds, Series 2005 A (Branch Banking and Trust Company), dated May 16, 2005, issued in the original aggregate principal amount of \$870,000; (5) Water Revenue Bonds, Series 2007 A (United States Department of Agriculture), dated May 24, 2007, issued in the original aggregate principal amount of \$1,061,000; and the following Haymond Public Service District water revenue bonds being assumed by Taylor County Public Service District: (6) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$1,310,000; and (7) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397.

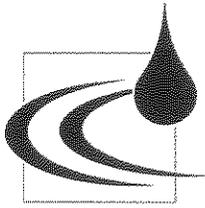


Acting State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,
Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).



WEST VIRGINIA

Water Development Authority

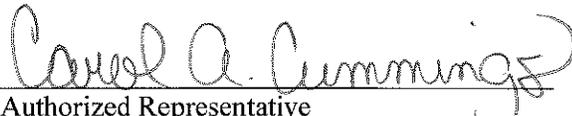
Celebrating 36 Years of Service 1974 - 2011

July 29, 2011

Consent to Assumption of Debt of Haymond Public Service District
by Taylor County Public Service District

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the West Virginia Water Development Authority (the "Authority"), the present holder of Haymond Public Service District's: (1) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$1,310,000, and (2) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397 (collectively, the "Haymond WDA Water Bonds") hereby consents to: (i) the merger of Haymond Public Service District into Taylor County Public Service District; and (ii) the assumption by Taylor County Public Service District of the Haymond WDA Water Bonds and upon such assumption, the Haymond WDA Water Bonds shall have a first lien on the net revenues of the Taylor County Public Service District waterworks system, on a parity with one another and with Taylor County Public Service District's: (1) Water Revenue Bonds, Series 1996 A (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$350,000; (2) Water Revenue Bonds, Series 1996 B (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$129,000; (3) 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; (4) Water Refunding Revenue Bonds, Series 2005 A (Branch Banking and Trust Company), dated May 16, 2005, issued in the original aggregate principal amount of \$870,000; (5) Water Revenue Bonds, Series 2007 A (United States Department of Agriculture), dated May 24, 2007, issued in the original aggregate principal amount of \$1,061,000; and the following Haymond Public Service District water revenue bonds being assumed by Taylor County Public Service District: (6) Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000.


Authorized Representative

888140.00005

Governmental Finance

501 Tennessee Avenue
Charleston, WV 25302
(304) 353-1653
Fax (304) 340-4702

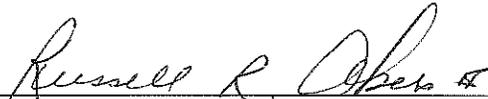
July 29, 2011

Consent to Assumption of Debt of Haymond Public Service District
by Taylor County Public Service District

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of Branch Banking and Trust Company, the present holder of Taylor County Public Service District's Water Refunding Revenue Bonds, Series 2005 A (Branch Banking and Trust Company), dated May 16, 2005, issued in the original aggregate principal amount of \$870,000 hereby consents to: (i) the merger of Haymond Public Service District into Taylor County Public Service District; and (ii) the assumption by Taylor County Public Service District of Haymond Public Service District's outstanding: (1) Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000, (2) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$1,310,000, and (3) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397 (collectively, the "Haymond Water Bonds"), and upon such assumption, the Haymond Water Bonds shall have a first lien on the net revenues of the Taylor County Public Service District waterworks system, on a parity with one another and with Taylor County Public Service District's: (1) Water Revenue Bonds, Series 1996 A (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$350,000; (2) Water Revenue Bonds, Series 1996 B (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$129,000; (3) 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; (4) Water Refunding Revenue Bonds, Series 2005 A (Branch Banking and Trust Company), dated May 16, 2005, issued in the original aggregate principal amount of \$870,000; and (5) Water Revenue Bonds, Series 2007 A (United States Department of Agriculture), dated May 24, 2007, issued in the original aggregate principal amount of \$1,061,000.

BRANCH BANKING AND TRUST COMPANY



Authorized Representative

The Taylor County Commission met on December 20, 1977 at 7:00 P.M. Those present were: Glenn Sapp, Donald V. Shaffer, and John M. Keener. Also present were: John Hoff, Julian Barton, Sandy Barton, John Eddy Whitescarver, Col, Martha Glenn Flesher, Richard Green, and Carl Knotts.

A hearing was conducted regarding the proposed re-districting. Questions were raised as to why three districts were recommended by consultant, the one man one vote requirement, and any precinct changes. These questions were answered by the consultant, John Hoff.

Donald V. Shaffer made a motion to adopt re-districting plan as proposed. Motion was seconded by John M. Keener. Motion Carried. Order is recorded at the end of these Minutes.

A motion was made by Donald V. Shaffer and seconded by John M. Keener to approve Notice of Public Hearing on Creation of Haymond Water District. Motion Carried. Order is recorded at the end of these Minutes.

A letter was received from Ronald D. McWilliams resigning for the Taylor County Civil Service Commission. A motion was made by John M. Keener seconded by Donald V. Shaffer to accept this resignation. Motion Carried. A letter of appreciation was to be send to Mr. McWilliams. The Deputy Sheriff's were to be notified to suggest three names for their representative to serve on this Commission. The Taylor County Commission will then make an appointment to replace Mr. McWilliams on this Commission.

A motion was made by John M. Keener seconded by Donald V. Shaffer to re-appoint Roxie C Fowler to the Taylor County Civil Service Commission retro-active to July 1, 1977. Motion Carried.

A motion was made by Donald V. Shaffer seconded by John M. Keener to approve a one-time Cost of Living pay of \$500.00 from Anti-Recession funds as outlined on the "Fact Sheet" received by the State Tax Commissioners Office. Motion Carried. This increase is to be paid to full-time county employees with the exception that the following persons have been determined not eligible for this increase: Frederick Knight, L. N. Thorp, and Charles Burke

A motion was made by John M. Keener and seconded by Donald V. Shaffer to approve the Notary Application of Lloyd Wesley Spring III and Donna L. Hoover and Deputy Sheriff Bond of Frederick Lee Knight. Motion Carried.

A per Sheriff Hulley's letters, A motion was made by Donald V. Shaffer and seconded by John M. Keener to increase the salary of Ricky Reese effective January 1, 1978 to \$6,200.00 per year and to permit Mr. Charles Burke to resume his ducies in the Taylor County Sheriff's Department effective January 1, 1978. Motion Carried.

A motion was made by Donald V. Shaffer and seconded by John M. Keener to set the Board of Equalization and Review Meeting as per the following schedule:

January 25 , 9:00 A.M. - 12:00 noon
January 26, 7:00 P.M. - 9:00 P.M.
January 27, 1:00 P.M. - 4:30 P.M.

Motion Carried.

No further business came before the Commission. Meeting adjourned at 10:30 P.M.

NOTICE OF PUBLIC HEARING
ON CREATION OF THE
HAYMOND WATER DISTRICT

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Commission of Taylor County, West Virginia on the 7th day of December, 1977, and has been presented to the County Commission of Taylor County at its next regular meeting on the 20th day of December, 1977, requesting the creation of a public service district within Taylor County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Haymond Water District"; and having the following described boundaries:

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63° 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0° 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59° W. 1.33 miles to a point; thence S. 85° W. 0.68 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37° 20' W. 1.51 miles to a point; thence S. 74° 10' W. 0.58 miles to a point; thence E. 10° 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68° 30' W. 0.49 miles to a point; thence N. 22° 30' W. 0.17 miles to a point in the middle of the Graft Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72° 45' E. 3.5 miles to a point; thence N. 34° 20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning containing 38.23 square miles in area.

The County Commission of Taylor County, West Virginia on the 20th day of December, 1977, fixed a hearing for January 10, 1978, at 9:00 A. M. in the County Commissioner's Office in the County Court House at Grafton, West Virginia, in order that all interested persons may appear before the County Commission and shall have an opportunity to be heard concerning the creation of the Haymond Water District, which is the proposed public service district.

By Order of the County Commission this 20th day of December, 1977.

Nancy Virginia Fowler
Clerk of the Taylor County Commission

A Copy Teste *Nancy Virginia Fowler* Clerk

NOTICE OF PUBLIC HEARING
ON CREATION OF THE
HAYMOND WATER DISTRICT

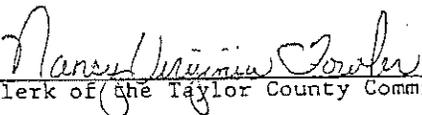
NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Commission of Taylor County, West Virginia, and has been presented to the County Commission of Taylor County asking for the creation of a public service district within Taylor County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Haymond Water District"; and having the following described boundaries:

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63° 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0° 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59° W. 1.33 miles to a point; thence S. 85° W. 0.68 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37° 20' W. 1.51 miles to a point; thence S. 74° 10' W. 0.58 miles to a point; thence S. 10° 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68° 30' W. 0.49 miles to a point; thence N. 22° 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72° 45' E. 3.5 miles to a point; thence N. 34° 20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning containing 38.23 square miles in area.

And whereas the County Commission of Taylor County, West Virginia, have on their own motion passed a motion calling for a resolution to fix a date for hearing on the creation of said public service district.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Commission of Taylor County will conduct a public hearing on January 10, 1978 at 9:00 A.M. in the County Court House at Grafton, West Virginia, at which time and place all interested persons may appear before the County Commission and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By Order of the County Commission this 20th. day of December, 1977.


Clerk of the Taylor County Commission

A Copy Tests Nancy Virginia Fowler Clerk

that the sheriff make note on the original copy of the notice where the notices were posted. Motion was made by Donald V. Shaffer that the hearing be advertised in this manner. Motion was seconded by John M. Keener. Motion Carried.

The meeting for the Proposed Use Hearing for Entitlement IX Revenue Sharing was discussed and publication of the notice of the meeting will be published in the Mountain Statesman ten days prior to the scheduled meeting on January 24, 1978, at 7:00 p.m. in the Court House.

The bids for the tax tickets from Casto & Harris and Dayton Legal Blank were discussed. A motion was made by Donald V. Shaffer that the bid from Casto & Harris in the amount of \$2,393.10 be accepted. John M. Keener seconded the motion. Motion Carried.

No further business came before the Commission. Meeting adjourned at 10:00 A.M.

NOTICE OF PUBLIC HEARING ON CREATION OF THE
HAYMOND WATER DISTRICT

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Commission of Taylor County, West Virginia on the 7th day of December, 1977, and has been presented to the County Commission of Taylor County at its next regular meeting on the 20th day of December, 1977, requesting the creation of a public service district within Taylor County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance operation, improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Haymond Water District" and having the following described boundaries:

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63 degrees 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59 degrees W. 1.33 miles to a point; thence S. 85 degrees W. 0.68 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.51 miles to a point; thence S. 74 degrees 10' W. 0.98 miles to a point; thence S. 10 degrees 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwesterly direction to a point; thence leaving the ridge line N. 68 degrees 30' W. 0.49 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 3.5 miles to a point; thence N. 34 degrees 20' E. 1.33 miles to a point; thence N. 58 degrees E. 4.55 miles to the beginning, containing 38.23 square miles in area.

The County Commission of Taylor County, West Virginia on the 10th day of January, 1978, fixed a hearing for February 6th, 1978 at 9:00 A. M. in the County Commissioner's Office in the County Court House at Grafton, West Virginia, in order that all interested persons may appear before the County Commission and shall have an opportunity to be heard concerning the creation of the Haymond Water District, which is the proposed public service district.

It is further ordered this 10th day of January, 1978, that this notice of public hearing be posted in five public places within the water district at least ten days prior to hearing.

Nancy Virginia Souder, Clerk of the
Taylor County Commission

A Copy To Be Nancy Virginia Souder, Clerk

NOTICE HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Commission of Taylor County, West Virginia on the 7th day of December, 1977, and has been presented to the County Commission of Taylor County at its next regular meeting on the 20th day of December, 1977, requesting the creation of a public service district within Taylor County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance operation, improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Haymond Water District" and having the following described boundaries:

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The County Commission of Taylor County, West Virginia on the 10th day of January, 1978, fixed a hearing for February 6th, 1978 at 9:00 A. M. in the County Commissioner's Office in the County Court House at Grafton, West Virginia, in order that all interested persons may appear before the County Commission and shall have an opportunity to be heard concerning the creation of the Haymond Water District, which is the proposed public service district.

It is further ordered this 10th day of January, 1978, that this notice of public hearing be posted in five public places within the water district at least ten days prior to hearing.

Nancy Virginia Fowler clerk of the
Taylor County Commission

On January 24, 1978, five (5) notices were posted on the
Haymond Water District meeting for 0900 hrs, February 6, 1978, at the
following places:

Haymond School (US 119)

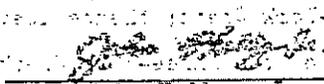
Tygart River Camping Area Store (St. Sec. Rt. 5)

Highway Auto Sales (US 119)

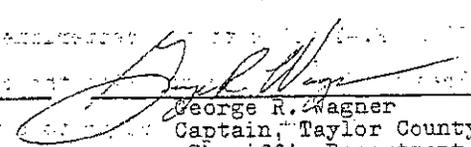
Thorns Motor Service (US 119)

Andrews Service (Wilson Ridge, St. Sec. Rt. 30)

These postings were requested by the Taylor County
Commission.


John Hulley, Jr.

Sheriff of Taylor County


George R. Wagner

Captain, Taylor County
Sheriff's Department

The Taylor County Commission met on January 10, 1978, at 9:00 A.M. Those present were: Glenn Sapp, Donald V. Shaffer and John M. Keener. Also present was attorney LaVerne Sweeney.

A hearing was scheduled for this morning regarding the creation of the Haymond Water District so that all interested persons could appear before the County Commission. No one appeared.

LaVerne Sweeney, Attorney for the proposed public service district, explained to the Commission that the legal notice published in the Mountain Statesman on December 20, 1977, had not met the requirements for the scheduled hearing this morning. He further stated that another legal notice must be published and also notices be posted in five public places within the water district at least ten (10) days prior to the hearing that the Commission scheduled for February 6, 1978, at 9:00 a.m. It was suggested by Mr. Sweeney

Grafton, West Virginia
February 6, 1978

The Taylor County Commission, West Virginia, assembled in regular session, pursuant to law and to the rules of said Commission at the County Court House, Grafton, West Virginia, at 9:00 o'clock A.M. The meeting was called to order the roll being called there were present Glenn Sapp, President, presiding, and the following named Commissioners:

Donald V. Shaffer
John M. Keener

Absent:
None

This being the date fixed by prior action of the County Commission for conducting the public hearing on the creation of the proposed Haymond Water District for residents of the proposed district living in Taylor County, West Virginia, the president announces that all such persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Commission then further discussed the creation of said public service district, whereupon Donald V. Shaffer introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER creating Haymond Water District in Taylor County, West Virginia,"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. John M. Keener seconded the motion and

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after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Three

Nay: None

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

Donald V. Shaffer introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing members to the Public Service Board of the Haymond Water District."

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. John M. Keener seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Three

Nay: None

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

Glenn Sapp
President

Attest:

Nancy Virginia Fowler
Clerk

Copy Teste *Nancy Virginia Fowler* Clerk

A RESOLUTION AND ORDER creating
Haymond Water District in
Taylor County, West Virginia

WHEREAS, the County Commission of Taylor County, West Virginia, did heretofore by a resolution and order adopted January 10, 1978, fix a date for a public hearing on the creation of the proposed Haymond Water District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Commission at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, NOTICE of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13-A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Commission has given due consideration to all matters for which said hearing was offered; and

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

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

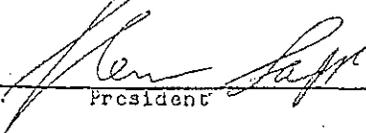
Section 1. That a public service district within Taylor County, West Virginia, is hereby created and said district shall have the following described boundaries:

"Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63 degrees 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59 degrees W. 1.33 miles to a point; thence S. 85 degrees W. 0.58 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.51 miles to a point; thence S. 74 degrees 10' W. 0.58 miles to a point; thence S. 10 degrees 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68 degrees 30' W. 0.49 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 3.5 miles to a point; thence N. 34 degrees 20' E. 1.33 miles to a point; thence N. 58 degrees E. 4.55 miles to the beginning containing 38.23 square miles in area.

Section 2. That said public service district so created shall have the name and corporate title of "Haymond Water District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13-A of Chapter 16 of the West Virginia Code.

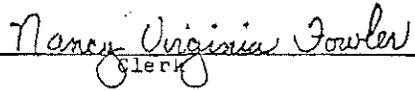
Section 3. That the County Commission of Taylor County, West Virginia, has determined that the territory within Taylor County, having the hereintoabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water and sewerage services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COMMISSION February 6, 1978.



President

Attest:



Clerk

A Copy Tests Nancy Virginia Fowler Clerk

A RESOLUTION AND ORDER appointing members to the public service board of the Haymond Water District

WHEREAS, the County Commission of Taylor County, West Virginia, did heretofore by resolution and order adopted February 6, 1978, create the Haymond Water District; and

WHEREAS, under the provisions of Article 13-A of Chapter 16 of the West Virginia Code the powers of said public service district shall be vested in and exercised by a public service board; and

WHEREAS, since there is no city, incorporated town or other municipal corporation with a population in excess of 3,000 included within said district, it is provided by said Article 13-A of Chapter 16 of the West Virginia Code that this County Commission shall appoint three members of said board, who shall be persons residing within the district:

NOW, THEREFORE, Be It and It is hereby Resolved and Ordered by the County Commission of Taylor County, West Virginia, as follows:

Section 1. That the County Commission of Taylor County, West Virginia, hereby finds and determines that James Leonard Lucas and Donald L. Mullins are persons residing within the Haymond Water District, and the aforesaid persons are hereby appointed as members of the public service board of said district and their respective terms of office shall be as follows:

Erud Yeat for a term of six years from the first day of the month in which this resolution and order is adopted;

-2-

Donald L. Mullins for a term of four years from the first day of the month in which this resolution and order is adopted; and

James Leonard Lucas for a term of two years from the first day of the month in which this resolution and order is adopted.

Section 2. The aforesaid persons shall meet as soon as practicable, at the Office of the Clerk of said County Commission and shall qualify by taking an oath of office, and thereafter said appointees constituting the initial public service board of the Haymond Water District shall meet and organize in compliance with the provisions of Article 13-A of Chapter 16 of the West Virginia Code.

ADPTED BY THE COUNTY COMMISSION February 6, 1978.

Handwritten signature of a resident.

Attest:

Nancy Virginia Fowler, Clerk

STATE OF WEST VIRGINIA } ss. COUNTY OF TAYLOR }

I, Nancy Virginia Fowler, hereby certify that I am the duly qualified and acting Clerk of the County Commission of Taylor County, West Virginia, and that the foregoing constitutes a true correct and complete transcript of the proceedings of said County Commission as had under date of February 6, 1978, and resolution and orders then adopted relating to the creation of Haymond Water District, and appointment of members to the public service board of said district.

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IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Grafton, West Virginia, this February 6, 1978.

Nancy Virginia Fowler, Clerk of the Taylor County Commission

Court Order Book 20

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

I, Donal L. Mathew, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of the office of Member of the ^{House} ~~Southwestern~~ Water District in compliance with Article 13-A, of the West Virginia Code, in and for Taylor County, West Virginia, to the best of my skill and judgment, during my continuance in the same;
SO HELP ME GOD.

Donal L. Mathew

Subscribed and sworn to, before Nancy Virginia Fowler of Taylor County, West Virginia, this 6th day of February 1922.

Nancy Virginia Fowler
Clerk Taylor County Court

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, TO-WIT:
OFFICE OF THE COUNTY CLERK OF THE COUNTY OF TAYLOR COUNTY
I, Nancy Virginia Fowler, Clerk of the County Court in and for the County of Taylor and State of West Virginia, having a Seal, do hereby certify the above and foregoing to be a full, true and complete copy of an original paper as presented in this office.

IN TESTIMONY WHEREOF, I have hereunto set my hand and the Seal of said Office in the City of Grafton, County of Taylor, and State of West Virginia, this 6th day of February 1922.

Nancy Virginia Fowler
Clerk Taylor County Court

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

I, Fred Yeat, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of the office of Member of the ^{House} ~~Southwestern~~ Water District in compliance with Article 13-A, of the West Virginia Code, in and for Taylor County, West Virginia, to the best of my skill and judgment, during my continuance in the same;
SO HELP ME GOD.

Fred Yeat

Subscribed and sworn to, before Nancy Virginia Fowler of Taylor County, West Virginia, this 6th day of February 1922.

Nancy Virginia Fowler
Clerk Taylor County Court

STATE OF WEST VIRGINIA } TO-WIT
COUNTY OF TAYLOR

I, James Leonard Bacon, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of the office of Member of the ^{House} ~~Southwestern~~ Water District in compliance with Article 13-A, of the West Virginia Code, in and for Taylor County, West Virginia, to the best of my skill and judgment, during my continuance in the same;
SO HELP ME GOD.

James Leonard Bacon

Subscribed and sworn to, before Nancy Virginia Fowler of Taylor County, West Virginia, this 6th day of February 1922.

Nancy Virginia Fowler
Clerk Taylor County Court

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, TO-WIT:
OFFICE OF THE COUNTY CLERK OF THE COUNTY OF TAYLOR COUNTY
I, Nancy Virginia Fowler, Clerk of the County Court in and for the County of Taylor and State of West Virginia, having a Seal, do hereby certify the above and foregoing to be a full, true and complete copy of an original paper as presented in this office.

IN TESTIMONY WHEREOF, I have hereunto set my hand and the Seal of said Office in the City of Grafton, County of Taylor, and State of West Virginia, this 6th day of February 1922.

Nancy Virginia Fowler
Clerk Taylor County Court

STATE OF WEST VIRGINIA, COUNTY OF TAYLOR, TO-WIT:
OFFICE OF THE COUNTY CLERK OF THE COUNTY OF TAYLOR COUNTY

I, Nancy Virginia Fowler, Clerk of the County Court in and for the County of Taylor and State of West Virginia, having a Seal, do hereby certify the above and foregoing to be a full, true and complete copy of an original paper as presented in this office.

IN TESTIMONY WHEREOF, I have hereunto set my hand and the Seal of said Office in the City of Grafton, County of Taylor, and State of West Virginia, this 6th day of February 1922.

Nancy Virginia Fowler
Clerk Taylor County Court

Nancy Virginia Fowler Clerk

NOTICE OF PUBLIC HEARING ON CREATION OF THE HAYMOND WATER DISTRICT

NOTICE IS HEREBY GIVE that a legally sufficient petition has been filed with the Clerk of the County Commission of Taylor County, West Virginia on the 7th day of December, 1977, and has been presented to the County Commission of Taylor County at its next regular meeting on the 10th day of December, 1977, requesting the creation of a public service district within Taylor County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance operation improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law, to be named "Haymond Water District" and having the following described boundaries:

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 43 degrees 40' E. 2.44 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 21 degrees W. 1.33 miles to a point; thence S. 83 degrees W. 0.44 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.18 miles to a point; thence S. 74 degrees 12' W. 0.58 miles to a point; thence S. 10 degrees 20' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 5.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.77 miles with the ridge line in a northwestern direction to a point; thence leaving the Ridge line N. 48 degrees 20' W. 6.21 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 2.24 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 2.5 miles to a point; thence N. 34 degrees 30' E. 1.33 miles to a point; thence N. 8 degrees E. 4.55 miles to the beginning containing 28.23 square miles in area.

The County Commission of Taylor County, West Virginia on the 10th day of January, 1978, fixes a hearing for February 27th, 1978 at 9:00 A.M. in the County Commissioner's Office in the County Court House at Grafton, West Virginia, in order that all interested persons may appear before the County Commission and shall have an opportunity to be heard concerning the creation of the Haymond Water District, which is the proposed public service district. It is further ordered this 10th day of January, 1978, that this notice of public hearing be posted in five public places within the water district at least ten days prior to hearing.

Nancy Virginia Fowler
Clerk of the Taylor
County Commission

NOTICE OF PUBLIC HEARING
TO AMEND NAME OF THE
HAYMOND WATER DISTRICT

NOTICE IS HEREBY GIVEN that at a regular meeting of the Taylor County Commission held on June 2, 1980. A motion was made by Donald V. Shaffer seconded by Richard W. Coplin to amend name of Haymond Water District to Haymond Public Service District. Motion Carried. The said Haymond Public Service District will have the following described boundaries:

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County line S. 63° 40' E. 2.64 miles to the Preston County line; thence with Preston-Taylor County line S. 0° 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public

Service District Boundary S. 59° W. 1.33 miles to a point; thence E. 85° W. 0.68 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37° 20' W. 1.51 miles to a point; thence S. 74° 10' W. 0.58 miles to a point; thence S. 10° 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68° 30' W. 0.49 miles to a point; thence N. 22° 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72° 45' E. 3.5 miles to a point; thence N. 34° 20' E. 1.33 miles to a point; thence N. 58° E. 4.55 miles to the beginning containing 38.23 square miles in area.

And whereas the County Commission of Taylor County, West Virginia, have on their own motion passed a motion calling for a resolution to fix a date for hearing on the amending of the name of said public service district.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Commission of Taylor County will conduct a public hearing on June 23, 1980 at 9:00 A.M. in the County Court House at Grafton, West Virginia, at which time and place all interested persons may appear before the County Commission and shall have an opportunity to be heard for and against the amending of the name of Haymond Water District to Haymond Public Service District.

By Order of the County Commission this 2nd. day of June, 1980.

A RESOLUTION AND ORDER AMENDING NAME OF
Haymond Water District in Taylor County,
West Virginia to Haymond Public Service
District in Taylor County, West Virginia

WHEREAS, the County Commission of Taylor County, West Virginia, did heretofore by a resolution and order adopted June 2, 1980, fix a date for a public hearing to amend name of Haymond Water District to Haymond Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Commission at this meeting and have the opportunity to be heard for and against the amending of name of said district; and

WHEREAS, NOTICE of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13-A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the amending of name of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Commission has given due consideration to all matters for which said hearing was offered; and

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order amending name of said district:

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

Section 1. That Haymond Public Service District in Taylor County, West Virginia, shall have the following described boundaries:

"Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63 degrees 40' E. 2.56 miles to the Preston County line; thence with the Preston-Taylor County Line S. 8 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59 degrees W. 1.33 miles to a point; thence S. 85 degrees W. 0.68 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.51 miles to a point; thence S. 74 degrees 10' W. 0.58 miles to a point; thence S. 10 degrees 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the Ridge line in a northwestern direction to a point; thence leaving the Ridge line N. 68 degrees 30' W. 0.49 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Great Valley River; thence down river with the center line 3.28 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 3.3 miles to a point; thence N. 34 degrees 20' E. 1.33 miles to a point; thence N. 58 degrees E. 4.55 miles to the beginning containing 38.23 square miles in area.

Section 2. That said public service district so created on February 6, 1980 shall have the name and corporate title of "Haymond Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13-A of Chapter 16 of the West Virginia Code.

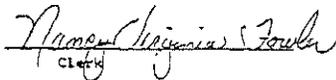
Section 3. That the County Commission of Taylor County, West Virginia, has determined that the territory within Taylor County, having the heretofore described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water and sewerage services within such territory by said

public service district will be conducive to the preservation of public health, comfort and convenience of such area.

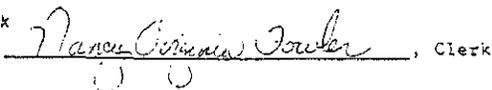
ADOPTED BY THE COUNTY COMMISSION June 23, 1980.


President

Attest:


Clerk

A Copy To Nancy Virginia Fowler Clerk


Clerk

RULES OF PROCEDURE
HAYMOND PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: HAYMOND PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at the Taylor County Courthouse, Grafton, Taylor County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Haymond Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Taylor County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the last Thursday of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

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

PUBLIC NOTICE OF MEETINGS

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

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

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

ARTICLE V

OFFICERS

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

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

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this December 7, 2004.

HAYMOND PUBLIC SERVICE DISTRICT, a public utility
OF
GRAFTON, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING
WATER

in an area north and west of Grafton, Taylor County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

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COMMISSION
SECRETARY'S OFFICE

Issued July 22, 2009

Effective for service rendered on and after July 14, 2009
or as otherwise provided herein

Issued by authority of an Order of the
Public Service Commission of West Virginia
in Case No. 09-0081-PWD-19A final
July 14, 2009

Issued by Haymond Public Service District, a public utility

By

Harry Weaver

Secretary

Title

RULES AND REGULATIONS

- I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

APPLICABILITY

Applicable within the entire territory served.

(C) AVAILABILITY

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

(C,I) RATES

First	3,000 gallons used per month	\$9.53 per 1,000 gallons
Next	3,000 gallons used per month	\$8.75 per 1,000 gallons
Next	4,000 gallons used per month	\$7.57 per 1,000 gallons
Next	10,000 gallons used per month	\$6.79 per 1,000 gallons
All over	20,000 gallons used per month	\$6.02 per 1,000 gallons

(C,I) MINIMUM CHARGE (Customers with metered water supply)

No bill will be rendered for less than the following based on meter size:

5/8	inch meter	\$ 28.59 per month
3/4	inch meter	\$ 42.89 per month
1	inch meter	\$ 71.48 per month
1½	inch meter	\$ 142.95 per month
2	inch meter	\$ 228.72 per month
3	inch meter	\$ 457.44 per month
4	inch meter	\$ 714.75 per month
6	inch meter	\$1,429.50 per month
8	inch meter	\$2,287.20 per month

(C) DELAYED PAYMENT PENALTY

The above scheduled 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.

(N) SECURITY DEPOSIT

A deposit of \$50.00 or 2/12ths of the average annual usage of the applicant's specific customer class, whichever is greater.

(C) Indicates change in text

(I) Indicates increase

(N) Indicates new

(N) ADMINISTRATIVE FEE \$20.00

To be charged whenever the utility dispatches personnel to turn off the supply of water for non-payment of bills and the customer makes payment prior to actual disconnection.

(N) RETURNED CHECK CHARGE

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

RECONNECTION CHARGE

\$20.00

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

TAP FEE

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

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

(C,I) LEAK ADJUSTMENT INCREMENT

\$4.68 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

- (C) Indicates change in text
- (I) Indicates increase
- (N) Indicates new

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
7/14/2009

Issued: June 24, 2009

CASE NO. 09-0081-PWD-19A

HAYMOND PUBLIC SERVICE DISTRICT
Rule 19A application to increase water rates and charges

RECOMMENDED DECISION

On January 29, 2009, Haymond Public Service District ("District") filed with the Public Service Commission ("Commission"), pursuant to Rule 19A of the Commission's Rules for the Construction and Filing of Tariffs ("Tariff Rules"), an application to increase its water rates; no specific rate increase was suggested.

On February 10, 2009, an Initial Joint Staff Memorandum from Staff Attorney Chris Howard, advising the District of the notice requirements of Tariff Rule 8.2, and an attached memorandum from Pete Lopez and Sandy Mitchell, of the Water and Wastewater Division, were filed.

On February 12, 2009, the District established that it had complied with Tariff Rule 8.2 by filing a completed Tariff Form No. 6-A, which certified that notice of its requested rate increase had been included on the postcard bills sent to its customers on January 30, 2009.

On February 13, 2009, a protest was filed.

On February 25, 2009, the Commission issued an Order referring this matter to the Division of Administrative Law Judges for decision no later than September 28, 2009, and ordering Staff to file its final report no later than May 11, 2009.

On May 11, 2009, the Final Joint Staff Memorandum from Mr. Howard and the Staff Report, which had been prepared by Mr. Lopez and Ms. Mitchell, were filed. The report included the following: A petition requesting approval of the District's being taken over by the Taylor County Public Service District was docketed on April 3, 2009, as Case No. 09-0487-PWD-PC. The District has an unacceptable unaccounted-for water rate of 32.69%; Staff recommended that it be ordered to

MKM

file with the Commission a plan to reduce that rate. Staff also recommended that the District be ordered to prepare and file its budget for the fiscal year ending June 30, 2009, which is required by its bond agreements. Staff examined the books and records of the District for the fiscal year ending June 30, 2008. The District's long-term debt consists of a 1986 Series Bond and a 2004 Series Bond requiring annual payments of \$11,819 and \$46,861, respectively. The 2004 Series Bond is not fully funded. Over the past five years, the District has spent, on average, \$22,181 on capital additions. The District's per books annual net revenue is \$61,651. Staff recommended that revenue be increased to \$78,596 by instituting an across-the-board 8.2% rate increase. The rate increase will provide an annual surplus of \$22,290, comprised of a cash flow surplus of \$16,378 and a renewal and replacement reserve of \$5,912, providing debt service coverage of 145.97%. Staff also added to the District's tariff a security deposit, a returned check charge, and an administrative fee, to be charged when a customer pays an outstanding bill to the employee of the District sent to disconnect the customer's water service. Staff also modified the District's leak adjustment rate.

On May 13, 2009, the undersigned issued a Procedural Order requiring the District to file any objection to Staff's recommendations no later than May 22, 2009; to provide notice to its customers, as required by Rule 8.2.i of the Commission's Rules for the Construction of Tariffs, including causing to be published a copy of a completed Tariff Form No. 10, "Notice of Application to Change Water Rates," which was attached; to file with the Public Service Commission an affidavit of such publication; and to file a completed Tariff Form No. 6-B.

On May 26, 2009, the District filed a completed Tariff Form No. 6-B, and, on June 15, 2009, the District filed an affidavit of publication of the completed Tariff Form No. 10 on May 20 and 27, 2009, in The Mountain Statesman, published in Taylor County.

FINDINGS OF FACT

1. On January 29, 2009, Haymond Public Service District filed with the Public Service Commission, pursuant to Tariff Rule 19A, an application to increase its water rates; no specific rate increase was suggested. (See application).

2. The District provided notice to its customers by separately mailing to its customers, on January 30, 2009, notice of its requested water rate increase, and one protest was filed. It also published a completed Tariff No. 10, "Notice of Application to Change Water Rates," on May 20 and 27, 2009, in The Mountain Statesman, and no further protest was filed. (See filings of February 12, 2009, and May 26, 2009; case file generally).

3. Upon review of the District's books and records for the fiscal year ending June 30, 2008, and the District's operations, Staff found the following: The District has an unacceptable unaccounted-for water rate of 32.69%; Staff recommended that it be ordered to file with the Commission a plan to reduce that rate. Staff also recommended that the District be ordered to prepare and file its budget for the fiscal year ending June 30, 2009. The District's long-term debt consists of

a 1986 Series Bond and a 2004 Series Bond requiring annual payments of \$11,819 and \$46,861, respectively. The 2004 Series Bond reserves are not fully funded. Over the past five years, the District has spent, on average, \$22,181 on capital additions. The District's per books annual net revenue is \$61,651. Staff recommended that revenue be increased to \$78,596 by instituting an across-the-board 8.2% rate increase. The rate increase will provide an annual surplus of \$22,290, comprised of a cash flow surplus of \$16,378 and a renewal and replacement reserve of \$5,912, providing debt service coverage of 145.97%. Staff also added to the District's tariff a security deposit, a returned check charge, and an administrative fee, to be charged when a customer pays an outstanding bill to the employee of the District sent to disconnect the customer's water service. Staff also modified the District's leak adjustment rate. (See Final Joint Staff Memorandum and Staff Report filed May 11, 2009).

CONCLUSIONS OF LAW

1. It is appropriate to approve the Staff-recommended rates, charges, and other tariff changes, as provided in Appendix A hereto, because the Staff-recommended rates and charges provide revenue sufficient, but not more than sufficient, to cover the District's reasonable and necessary operating expenses and debt service and to provide the District a reasonable surplus for capital additions, and because only one protest to them was filed.
2. It is appropriate to order the District to file with the Commission a plan to reduce its unaccounted-for water rate within six months of the date on which this decision becomes final.
3. It is appropriate to order the District to file its budget for the fiscal year ending June 30, 2009, within thirty days of the date on which this decision becomes final.

ORDER

IT IS, THEREFORE, ORDERED that the rates and charges and other tariff changes, as provided in Appendix A of this decision, are approved for use by Haymond Public Service District, to become effective for all service rendered on and after the date on which this decision becomes final.

IT IS FURTHER ORDERED that, no later than six (6) months after the date on which this decision becomes final, the Haymond Public Service District file with the Commission a plan to reduce its unaccounted-for water rate.

IT IS FURTHER ORDERED that, no later than thirty (30) days from the date on which this decision becomes final, the Haymond Public Service District file with the Commission its budget for the fiscal year ending June 30, 2009.

IT IS FURTHER ORDERED that Haymond Public Service District file an original and at least five (5) copies of a proper tariff reflecting the rates and charges approved herein within thirty (30) days of the date that this Order becomes final.

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

IT IS FURTHER ORDERED that the Executive Secretary of the Commission 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 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 Executive 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.



Sunya Anderson
Administrative Law Judge

SA:s:cdk
090081aa.wpd

HAYMOND PUBLIC SERVICE DISTRICT
CASE NO. 09-0081-PWD-19A

APPROVED TARIFF

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

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HAYMOND PUBLIC SERVICE DISTRICT

AMENDATORY RESOLUTION

AMENDATORY RESOLUTION CONCERNING TAX-EXEMPT
STATUS OF THE WATER REVENUE BOND, SERIES 1986,
OF HAYMOND PUBLIC SERVICE DISTRICT

WHEREAS, the public service board (the "Governing Body") of HAYMOND PUBLIC SERVICE DISTRICT (the "Issuer"), has duly and officially adopted a resolution effective August 27, 1986 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ISSUANCE OF \$200,000 WATER REVENUE BOND, SERIES 1986, OF HAYMOND PUBLIC SERVICE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF A NEW WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

WHEREAS, the Bond Resolution provides for the issuance of the Water Revenue Bond, Series 1986 of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$200,000, all in accordance with West Virginia Code, Chapter 16, Article 13A (the "Act"); and in the Bond Resolution, it is provided that the Bond Resolution would be amended to enable the Bonds to be issued in such form as to render the interest on the Bonds exempt from Federal income taxation;

WHEREAS, the Bonds are proposed to be purchased by the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), and certain changes in Section 103 of the Internal Revenue Code have been effected since adoption of the Bond Resolution;

WHEREAS, the Governing Body deems it essential and desirable that this amendatory resolution (the "Amendatory Resolution") be adopted to enable the Bonds to be issued in such form as to render the interest thereon exempt from Federal income

taxation, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Resolution and the Act, this Amendatory Resolution is adopted. The Bond Resolution is amended to include the following Sections 3 and 4 as a part thereof.

Section 2. The provisions relating to the Bonds shall be, and the Bonds shall be in the form provided in, the Bond Resolution.

Section 3. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, when and as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 4. No portion of the proceeds of the issue of the Bonds will be used (directly or indirectly) so as to cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer will make all rebate calculations and payments in the time, manner and as required in Section 148(f) of the Code. In the event of a failure to pay such amounts, the Issuer will pay to the United States a penalty in an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived by the Secretary. The Issuer shall make, or cause to be made, an annual computation of such yield and amounts, and shall maintain and provide the Purchaser with appropriate records of such computations.

Section 5. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about November 20, 1986, to the Purchaser.

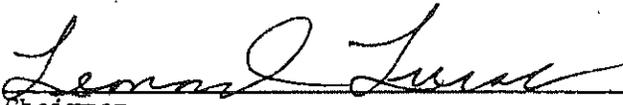
Section 6. The financing of the Project by the Bonds is in the public interest, serves a public purpose of the Issuer and

will promote the health, welfare and safety of the residents of the Issuer.

Section 7. This Amendatory Resolution shall be effective immediately following adoption hereof.

Adopted this 20th day of November, 1986.

HAYMOND PUBLIC SERVICE DISTRICT


Chairman


Member


Member

11/14/86
HAYMD2-E

HAYMOND PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1986

BOND RESOLUTION

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08/01/86
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HAYMOND PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$200,000 WATER REVENUE BOND, SERIES 1986, OF HAYMOND PUBLIC SERVICE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF A NEW WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF HAYMOND PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Haymond Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Taylor County.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer does not now have a public water system.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be constructed a new water system of the Issuer consisting of a water distribution and service system, including lines, booster stations and water tanks, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. Water will be purchased from the Taylor County Public Service District pursuant to a Water Purchase Contract between the Issuer and said district. The acquisition and construction of the

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

C. It is necessary for the Issuer to issue its revenue bond in the principal amount of \$200,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is \$1,534,492 of which \$200,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$551,600 from a grant by the Purchaser, \$106,900 from a grant by The County Commission of Taylor County and \$675,992 from the Appalachian Regional Commission.

E. The cost of such acquisition and construction shall be deemed to include, without being limited to, the construction or acquisition of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for 6 months after completion of such construction to the extent that revenues of the System (hereinafter defined) are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bond as to lien, pledge and source of and security for payment.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Purchaser, and the covenants and agreements set forth herein to be performed by the

Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Bond" or "Bonds" means the Water Revenue Bond, Series 1986, authorized hereby.

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

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Hornor Brothers Engineers, Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

"Herein" means in this Bond Legislation.

"Holder of the Bond," "Bondholder" or any similar term means any person who shall be the registered owner of the Bond.

"Issuer" means Haymond Public Service District of Taylor County, West Virginia, and includes the Governing Body.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital provided that all monthly amortization payments upon the Bond and into the Reserve Fund and the Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system, and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1986," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$200,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, only as a fully registered Bond, and shall be dated the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 5% per annum or such lesser amount as may be provided in the Bond upon delivery, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth or the Bond upon delivery.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Registrar will keep or cause to be kept at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust.

Section 2.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions,

insertions and variations as may be authorized or permitted hereby . . .
or any resolution adopted after the date of adoption hereof and
prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1986

HAYMOND PUBLIC SERVICE DISTRICT

\$200,000

No. R-1

Date: _____

FOR VALUE RECEIVED, HAYMOND PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of TWO HUNDRED THOUSAND DOLLARS (\$200,000) plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$982, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments

last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of improvements for the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner

constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Registrar as defined in the Resolution hereinafter described, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in said Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code and a Resolution of the Borrower (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$		(6)	\$	
(2)	\$		(7)	\$	
(3)	\$		(8)	\$	
(4)	\$		(9)	\$	
(5)	\$		(10)	\$	
				TOTAL	\$ _____

(Form of)

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

(No writing on this Bond except by the Issuer as Registrar)

Date of
Registration

In Whose Name
Registered

Signature of
Secretary of
Registrar

_____	_____	_____
_____	_____	_____
_____	_____	_____

ARTICLE III

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in The Blueville Bank of Grafton, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Haymond Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the 15th day of each month, such sums as shall be from time to time required to make the monthly installments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Government Obligations"), which shall mature not later than eighteen months after the date of such investment, or in investments secured by a pledge of Government Obligations. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund," is hereby established initially with the Bank named in Section 3.01. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, on or before the due date of payment of each installment on the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund hereby initially established with said Bank, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of \$11,784, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments

of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund and used for ratable prepayment of principal of the Bonds.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, hereby initially established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$76,725, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay portions of the principal amount of the Bond or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding 2 years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, obtain signed user agreements from at least 192 bona fide full time users initially upon the System, in full compliance with the requirements and conditions of the Purchaser.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bond and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on

all above-ground structures of the System in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of

the Project in compliance with West Virginia Code Section 38-2-39. Worker's compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment upon the Bond at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or

violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the annual budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the annual budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each annual budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the annual budget before the first day of any fiscal year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than ten per centum; and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless failure to adopt an annual budget be for a reason beyond the control of the Issuer. Each such budget of current expenses shall be mailed immediately to the Purchaser.

Section 4.10. Compensation of Members of Governing Body. . . . The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury

Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Code, herein defined.

Section 4.16. Industrial Development Bond Covenant. The Issuer shall not permit at any time or times any of the proceeds of the Bond or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bond from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1954, as from time to time amended, and the regulations and applicable rulings thereunder (the "Code"), by reason of the classification of the Bond as an "industrial development bond" within the meaning of Section 103(b) of the Code.

Less than 25% of the proceeds of the Bond are to be used, directly or indirectly, in any trade or business carried on by a person who is not an exempt person and less than 25% of the payment of principal or interest on the Bond, under the terms of the Bond or any underlying arrangement, is secured by any interest in property used or to be used in a trade or business or in payments in respect to such property, or to be derived from payments in respect of property, or borrowed money, used or to be used in a trade or business, all within the meaning of Section 103(b)(2) of the Code.

Section 4.17. Additional Special Covenants of Issuer. At the date adoption of this Bond Legislation there is pending an act of the United States House of Representatives entitled "H.R. 3838." The United States Senate has passed its version of H.R. 3838. Additionally, the Senate and House conferees have agreed upon the tax overhaul bills. The foregoing acts and reform measures are collectively referred to herein as the "Tax Act". Certain provisions of the Tax Act relating to Section 103 of the Code are, by the terms thereof, to be effective as of January 1, 1986. In order to comply with the Tax Act and therefore to maintain the exemption of the interest on the Bond from Federal income taxation, the Issuer hereby further covenants to take, and refrain from taking, and not fail to take, any and all such actions, under the Tax Act, or any applicable successor or alternate legislation, or any part thereof, insofar as may be applicable to the Bond, in order to maintain the tax-exempt status of the Bond and the interest thereon.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on July 3, 1986, in Case No. 79-464-W-CN (Reopened), which final order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have such remedies and powers as provided under the Act and other applicable provisions of law, with regard to the collection and enforcement of such rates and charges.

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

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

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

ARTICLE VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without prior written consent of the Purchaser; provided, however, notwithstanding the foregoing, the Issuer hereby covenants to make any amendment or supplement to this Bond Legislation to enable the Bond to be issued in such form as to render the interest thereon exempt from Federal income taxation, without further consent of the Purchaser.

Section 6.02. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

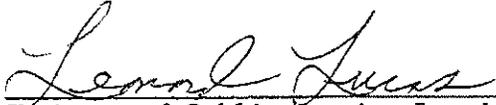
Section 6.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: August 27, 1986.


Chairman of Public Service Board


Member


Member

08/25/86
HAYMD1-N

HAYMOND PUBLIC SERVICE DISTRICT

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

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF HAYMOND PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Haymond Public Service District (the "Issuer") is a public service district, a public corporation and political subdivision of the State of West Virginia in Taylor and Preston Counties of said State.

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

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

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

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

F. The Issuer intends to refund the Prior Notes and permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council").

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;
- (f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;
- (g) Repurchase agreements or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above or fully insured by the FDIC, with member banks of the Federal Reserve system or banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said

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

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

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

"Registrar" means the Bond Registrar.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of West Virginia.

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

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

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

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

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

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

ARTICLE II

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

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

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

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

ARTICLE III

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Executed copies of the Loan Agreements;
and

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

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

(FORM OF SERIES 2004 A BOND)

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

No. AR-1

\$ _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

(FORM OF SERIES 2004 B BOND)

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

No. BR-1

\$ _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

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

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

Section 5.02. Establishment of Funds and Accounts with Commission.

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

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

Section 5.03. System Revenues; Flow of Funds.

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

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

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

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

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

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

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank, for deposit in the Depreciation Reserve (i) the amounts required to be deposited in the Depreciation Reserve for the Prior Bonds; and (ii) so long as the Series 2004 Bonds are outstanding, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Depreciation Reserve shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Reserve for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Depreciation Reserve.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2004 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2004 Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

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

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

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

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

ARTICLE IX

DEFAULT AND REMEDIES

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

- (1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2004 Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2004 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond;
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs with respect to the Prior Bonds or the Prior Resolution.

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

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

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

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

ARTICLE XI

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

Adopted this 7th day of December, 2004.

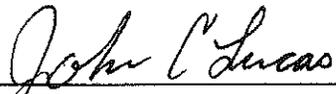

Chairman

CERTIFICATION

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

Dated: December 10, 2004.

[SEAL]



Secretary

EXHIBIT A

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

12/02/04
394620.00001

HAYMOND PUBLIC SERVICE DISTRICT

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

SUPPLEMENTAL RESOLUTION

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

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

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

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

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

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) (the "Series 2004 A Bonds") and the Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund) (the "Series 2004 B Bonds" and collectively with the Series 2004 A Bonds, the "Series 2004 Bonds"), of the Issuer, in the aggregate principal amount not to exceed \$1,400,000 and \$700,000, respectively, and has authorized the execution and delivery of the loan agreements relating to the Series 2004 Bonds, including all schedules and exhibits attached thereto (collectively, the "Loan Agreements"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreements and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Series 2004 Bonds should be

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 14. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2004 Bonds to be issued hereby and by the Resolution approved and provided for, to the end that the Series 2004 Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about December 10, 2004.

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

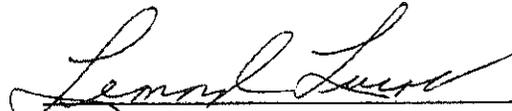
Section 16. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and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

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

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

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Adopted this 7th day of December, 2004.


Chairman

CERTIFICATION

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

Dated: December 10, 2004.

[SEAL]



Secretary

12/02/04
394620.00001

SPECIMEN

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

No. AR-1

\$1,310,000

KNOW ALL MEN BY THESE PRESENTS: That on this 10th day of December, 2004, HAYMOND PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Taylor County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of ONE MILLION THREE HUNDRED TEN THOUSAND DOLLARS (\$1,310,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

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

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

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

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

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

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

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

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

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

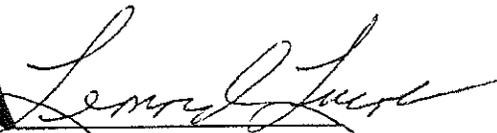
In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands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

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

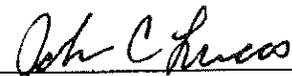
All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

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

[SEAL]

SPECIMEN 
Chairman

ATTEST:


Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: December 10, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

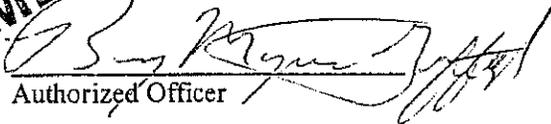

Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 64,403	December 10, 2004	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
TOTAL		\$	<u> </u>

EXHIBIT B

\$1,310,000

Haymond Public Service District (West Virginia)

0% Interest Rate, 40 Years from Closing Date

Closing Date: December 10, 2004

Debt Service Schedule

Part 1 of 4

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

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

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

Debt Service Schedule

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

ASSIGNMENT

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

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

Dated: _____, _____.

SPECIMEN

In the presence of:

12/05/04
394620.00001

SPECIMEN

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

No. BR-1

\$378,397

KNOW ALL MEN BY THESE PRESENTS: That on this 10th day of December, 2004, HAYMOND PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Taylor County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of THREE HUNDRED SEVENTY-EIGHT THOUSAND THREE HUNDRED NINETY-SEVEN DOLLARS (\$378,397), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

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

This Bond is issued (i) to pay in full the entire outstanding principal of and all accrued interest on the Issuer's Waterworks System Refunding Bond Anticipation Notes, Series 2003 (the "Prior Notes"); (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 7, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 7, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S (1) WATER REVENUE BOND, SERIES 1986, DATED NOVEMBER 20, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$200,000 (THE "PRIOR BONDS") AND (2) WATER REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 10, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,310,000 (THE "SERIES 2004 A BONDS").

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

and Series 2004 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

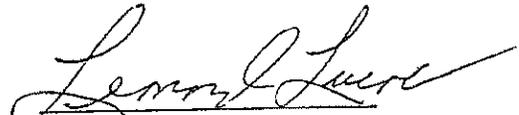
In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands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

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

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

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

[SEAL]


Chairman

ATTEST:


Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: December 10, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

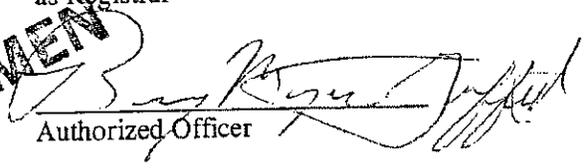

Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$378,397	December 10, 2004	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
TOTAL		\$ _____	

EXHIBIT B

\$378,397

Haymond Public Service District (West Virginia)

0% Interest Rate, 30 Years

Closing Date: December 10, 2004

Part 1 of 4

**Debt Service
Schedule**

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

Debt Service Schedule

Part 2 of 4

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

Debt Service Schedule

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

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

SPECIMEN

In the presence of:

12/03/04
394620.00001

JUL 23 1986

FmHA record

Form FmHA 1942-31
(4-85)

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

FORM APPROVED
OMB No. 0575-0074
Expiration date available upon request.

ASSOCIATION WATER OR SEWER SYSTEM GRANT AGREEMENT

THIS AGREEMENT dated July 17, 19 86, between _____

HAYMOND PUBLIC SERVICE DISTRICT

a public corporation organized and operating under Chapter 16, Article 13A, Code of West Virginia

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Farmers Home Administration, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under its jurisdiction at an estimated cost of \$ 1,534,492.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 982,892.00 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 982,892.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 551,600.00 or 75 percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 75 percent of the development costs, as defined by applicable Farmers Home Administration instructions.

GRANTEE AGREES THAT GRANTEE WILL:

- A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.
- B. Permit periodic inspection of the construction by a representative of Grantor during construction.
- C. Comply with all applicable state and federal laws and regulations and manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.
- D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule as approved by the Public Service Commission of West Virginia by order dated _____ of such charges, whether for one or more classes of service, ~~as set by resolution~~ July 3, 19 86, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

The information collected through the grant agreement is required to obtain a construction development grant and is used to determine that the grant funds are used for authorized program purposes.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute Forms FmHA 400-1, "Equal Opportunity Agreement," and FmHA 400-4, "Assurance Agreement," and any other agreements required by Grantor which Grantee is legally authorized to execute. If any such forms have been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this Grant, another form of the same type need not be executed in connection with this Grant.

I. Upon any default under its representations or agreements set forth in this instrument, or in the instruments incident to the awarding of the grant, Grantee, at the option and demand of Grantor, to the extent legally permissible, will repay to grantor forthwith the original amount of the grant received with the interest accruing thereon from the date of default at the market rate for water and waste disposal loan assistance in effect on the date hereof or at the time the default occurred, whichever is greater. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantor may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original project to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sale proceeds). When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

Public water system consisting of approximately 20 miles of 10", 8", 6", 4", 3", 2", and 1" water distribution and service lines. This includes a 20 and 50 GPM booster station and a 10,000 and 100,000 gallon storage tank. System is on Rt. 119 and Rt. 30 in Taylor County, WV, including Wickwire Road, Laurel run and Oak Grove Road.

L. Abide by the following conditions pertaining to nonexpendable personal property which is furnished by the Grantor or acquired wholly or in part with grant funds. Nonexpendable personal property means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit. A Grantee may use its own definition of nonexpendable personal property provided such definition would at least include all tangible personal property as defined above.

1. Use of nonexpendable property.

(a) The Grantee shall use the property in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the property in connection with its other Federally sponsored activities, if any, in the following order of priority:

- (1) Activities sponsored by the FmHA.
- (2) Activities sponsored by other Federal agencies.

(b) During the time that nonexpendable personal property is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the property was originally acquired. First preference for such other use shall be given to FmHA sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of nonexpendable property. When the Grantee no longer needs the property as provided in paragraph (a) above, the property may be used for other activities in accordance with the following standards:

(a) Nonexpendable property with a unit acquisition cost of less than \$1,000. The Grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(b) Nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The Grantee may retain the property for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the Grantee has no need for the property and the property has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the property exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee request and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the property and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share \$100 or ten percent of the proceeds, whichever is greater, for the Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the property elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the property, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for nonexpendable personal property shall also include:

(a) Property records which accurately provide for: a description of the property; manufacturer's serial number or other identification number; acquisition date and cost; source of the property; percentage (at the end of budget year) of Federal participation in the cost of the project for which the property was acquired; location, use and condition of the property and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years to verify the existence, current utilization, and continued need for the property.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(e) Proper sales procedures shall be established for unneeded property which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described nonexpendable property (use continuation sheets as necessary).

NONE

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm copies may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in sufficient detail to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government or a nonprofit organization. States and agencies or instrumentalities of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in items K and L above.

S. Include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. In construction contracts in excess of \$2,000 and in other contracts in excess of \$2,500 which involve the employment of mechanics or laborers, to include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5).

U. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of Section 114 of the Clean Air Act (42 U.S.C. §1875C-9) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. Such regulations and guidelines can be found in 40 CFR 15.4 and 40 FR 17126 dated April 16, 1975. In so doing the Contractor further agrees:

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR 15.20 as of the date of contract award.

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

V. The following clause is applicable to nonprofit organizations:

As a condition of this Grant or Cooperative Agreement, the recipient assures and certifies that it is in compliance with and will comply in the course of the Agreement with all applicable laws, regulations, Executive Orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated in this Agreement by reference, and such statutory provisions as are specifically set forth herein.

GRANTOR AGREES THAT IT:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 551,600.00

which it will advance to Grantee to meet not to exceed 75 percent of the development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

TERMINATION OF THIS AGREEMENT

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

IN WITNESS WHEREOF Grantee on the date first above written has caused these presence to be executed by its duly authorized Chairman

and attested and its corporated seal affixed by its duly authorized Secretary

ATTEST:

By Charles W. Lucas

Secretary
(Title)

By James Leonard Lucas

Chairman
(Title)

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By Irving M. Byers
District Director

Date NOV 20 1988

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Expiration date available upon request.

ASSOCIATION WATER OR SEWER SYSTEM GRANT AGREEMENT

THIS AGREEMENT dated July 17, 19 86, between _____

HAYMOND PUBLIC SERVICE DISTRICT

a public corporation organized and operating under Chapter 16, Article 13A, Code of West Virginia

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Farmers Home Administration, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under its jurisdiction at an estimated cost of \$ 1,534,492.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 858,500.00 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 858,500.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 675,992.00 or 80 percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to ~~Section 306(a) of~~ ^{The Appalachian} ~~Regional Development Act of 1965, as amended~~ ^{Regional Development Act of 1965, as amended} for the purpose only of defraying a part not to exceed 80 percent of the development costs, as defined by applicable Farmers Home Administration instructions.

GRANTEE AGREES THAT GRANTEE WILL:

- A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.
- B. Permit periodic inspection of the construction by a representative of Grantor during construction.
- C. Comply with all applicable state and federal laws and regulations and manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.
- D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule

as approved by the Public Service Commission of West Virginia by order dated of such charges, whether for one or more classes of service, adopted by resolution date July 3, 19 86, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

The information collected through the grant agreement is required to obtain a construction development grant and is used to determine that the grant funds are used for authorized program purposes.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute Forms FmHA 400-1, "Equal Opportunity Agreement," and FmHA 400-4, "Assurance Agreement," and any other agreements required by Grantor which Grantee is legally authorized to execute. If any such forms have been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this Grant, another form of the same type need not be executed in connection with this Grant.

I. Upon any default under its representations or agreements set forth in this instrument, or in the instruments incident to the awarding of the grant, Grantee, at the option and demand of Grantor, to the extent legally permissible, will repay to grantor forthwith the original amount of the grant received with the interest accruing thereon from the date of default at the market rate for water and waste disposal loan assistance in effect on the date hereof or at the time the default occurred, whichever is greater. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantor may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original project to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sale proceeds). When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

Public water system consisting of approximately 20 miles of 10", 8", 6", 4", 3", 2", and 1" water distribution and service lines. This includes a 20 and 50 GPM booster station and a 10,000 and 100,00 gallon storage tank. System is on Rt. 119 and Rt. 30 in Taylor County, WV, including Wickwire Road, Laurel Run and Oak Grove Road.

L. Abide by the following conditions pertaining to nonexpendable personal property which is furnished by the Grantor or acquired wholly or in part with grant funds. Nonexpendable personal property means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit. A Grantee may use its own definition of nonexpendable personal property provided such definition would at least include all tangible personal property as defined above.

1. Use of nonexpendable property.

(a) The Grantee shall use the property in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the property in connection with its other Federally sponsored activities, if any, in the following order of priority:

- (1) Activities sponsored by the FmHA.
- (2) Activities sponsored by other Federal agencies.

(b) During the time that nonexpendable personal property is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the property was originally acquired. First preference for such other use shall be given to FmHA sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of nonexpendable property. When the Grantee no longer needs the property as provided in paragraph (a) above, the property may be used for other activities in accordance with the following standards:

(a) Nonexpendable property with a unit acquisition cost of less than \$1,000. The Grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(b) Nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The Grantee may retain the property for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the Grantee has no need for the property and the property has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the property exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee request and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the property and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share \$100 or ten percent of the proceeds, whichever is greater, for the Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the property elsewhere the Grantee shall be reimbursed by the benefitting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the property, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for nonexpendable personal property shall also include:

(a) Property records which accurately provide for: a description of the property; manufacturer's serial number or other identification number; acquisition date and cost; source of the property; percentage (at the end of budget year) of Federal participation in the cost of the project for which the property was acquired; location, use and condition of the property and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years to verify the existence, current utilization, and continued need for the property.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(e) Proper sales procedures shall be established for unneeded property which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described nonexpendable property (use continuation sheets as necessary).

NONE

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm copies may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in sufficient detail to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government or a nonprofit organization. States and agencies or instrumentalities of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in items K and L above.

S. Include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. In construction contracts in excess of \$2,000 and in other contracts in excess of \$2,500 which involve the employment of mechanics or laborers, to include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5).

U. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of Section 114 of the Clean Air Act (42 U.S.C. §1875C-9) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. Such regulations and guidelines can be found in 40 CFR 15.4 and 40 FR 17126 dated April 16, 1975. In so doing the Contractor further agrees:

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR 15.20 as of the date of contract award.

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

V. The following clause is applicable to nonprofit organizations:

As a condition of this Grant or Cooperative Agreement, the recipient assures and certifies that it is in compliance with and will comply in the course of the Agreement with all applicable laws, regulations, Executive Orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated in this Agreement by reference, and such statutory provisions as are specifically set forth herein.

GRANTOR AGREES THAT IT:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 675,992.00

which it will advance to Grantee to meet not to exceed 80 percent of the development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as the Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest in and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

TERMINATION OF THIS AGREEMENT

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce financial results commensurate with the further expenditure of funds.

IN WITNESS WHEREOF Grantee on the date first above written has caused these presence to be executed by its duly

authorized Chairman

attested and its corporate seal affixed by its duly authorized Secretary

TEST: Charles W. Lucas
Charles W. Lucas

Secretary

(Title)

By James Leonard Lucas
James Leonard Lucas

Chairman

(Title)

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By Irving M. Byers
Irving M. Byers
District Director

(Title)

Date NOV 20 1986

The Taylor County Commission met on December 27, 2006 at 9:30 a.m. Those present were: David Gobel, Tony Veltri, and Robert Weaver.

Sheena Hunt, Region VI, met with the Commission. The three years had expired for the Small Cities Block Grant for the Sheltered Workshop. The Commission needs to consider a change of scope of project to expand the current building facility. This will be considered at the next meeting.

Anna Hayes, Burgess & Niple, met with the Commission. A letter needs to be received from DEP approving Parkview Sewer Project with a check list and also a letter of approval from Small Cities Block Grant. These were new requirements that had not previously been discussed with the Commission. A motion was made by Robert Weaver seconded by Tony Veltri to approve Parkview Sewer Project for Bid subject to receiving the two letters listed above. Motion Carried Unanimously.

The Fire Inspection Report for former Jail/Residence was discussed. Several of the items have been completed. The engineer will be contacted to determine the other items that need to be completed.

A motion was made by Robert Weaver seconded by Tony Veltri to approve up to \$1,000.00 to apply to gas service for one year for HOPE Project that has been reported in the newspaper in need of funding. Motion Carried Unanimously.

Robert Weaver made a motion seconded by Tony Veltri to appoint Paul Shroyer to the Taylor County P.S.D Board. Motion Carried Unanimously. ✓

Robert Weaver made a motion seconded by David Gobel to approve one (1) Hot Water Fan Coil Insert and one (1) Electric Heat Insert from Carrier Corp. In the amount of \$2,192.00 to replace units that presently do not work in Annex. Motion Carried Unanimously.

A motion was made by Tony Veltri seconded by Robert Weaver to approve the resignation of W. Lee Fauley on the Taylor County Development Authority effective December 27, 2006, Motion Carried Unanimously.

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

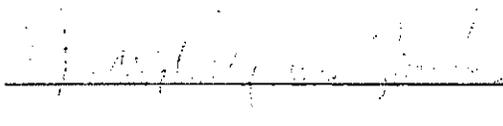
At this time the meeting recessed to pay tribute in a reception for Robert C. Weaver for 12 years of service as a County Commissioner. A motion was made by Tony Veltri seconded by David Gobel to approve a Resolution of Tribute to Robert C. Weaver for service as a Magistrate and County Commissioner in Taylor County. Motion Carried Unanimously. Resolution is recorded at the end of these Minutes.

The meeting reconvened at 3:00 p.m.

Bills were approved as follows: General County \$167,222.01; Dog Tax \$109.81; Home Detention \$1,208.70; Magistrate \$51.71; Worthless Check \$11.75; Sheriff 911 \$174.64.

The Commission will meet on January 8, 2007 at 8:30 a.m.

No further business came before the Commission. Meeting adjourned at 7:30 p.m.


Clerk

U U - - -

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 Deboie 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 Goray, 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 Carola Klepfel on the Board and they were concerned about the status of Jim Riggleman.

Kevin Stead, Mayor Horacek and Larry Rickman 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 (6-5-03) 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 2:30 P.M.

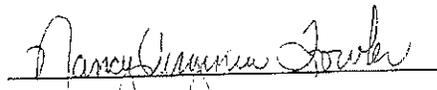
James A. Kinsey
James A. Kinsey, Clerk

A Copy To: 19

Robert Weaver

and request an Internal Audit be done with action deemed necessary as a result of this investigation.

Meeting adjourned at 3:30 P.M.

 Clerk

The Taylor County Commission met on June 23, 2005 at 9:30 A.M. Those present were: Dave Gobel, Robert Weaver & Tony Veltri.

Burgess & Niple engineer and Anna Hayes met with the Commission and discussed Parkview Sewer Project. The Plans had been mailed to the Commission and had been reviewed. The Commission is still in contact with CSX concerning the Right of Way. The PSD will continue to have sludge hauled rather than dispose through the sewage system. Other Engineering concerns were discussed with Kevin Stead, City Manager.

A motion was made by Robert Weaver seconded by Tony Veltri to approve Exonerations as submitted the the Assessor.

Nestor, Robbie D.	Exon. 310.10
White, Jerry Lynn or Japradha	Exon. 476.88
White, Thomas E. & Mary L.	Exon. (953.76) Increase Levy by this Amount.
Davis, Brian D.	Exon. 63.36
Nestor, Robbie D.	Exon. 182.66 (Increase)
Raddish, Mary D.	Exon. 114.24

Motion Carried Unanimously.

Dave Gobel made a motion seconded by Robert Weaver to approve Intergovernmental Agreement for Parkview Sewer Project and authorize President to sign document. Motion Carried Unanimously.

Randy Durrett and deputy sheriff's expressed a concern regarding vacation time owed. The Commission expressed vacation time needs to be scheduled with Sheriff and if no manpower, the state police should be contacted. Home Confinement will continue with the two deputy sheriffs in Taylor County. It will be re-evaluated if number of cases exceed what the two deputies can manage. Most of the items discussed should be addressed with the Sheriff rather than the Commission.

Robert Weaver made a motion 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 pay off building equipment Lease for E911 from E911 funds and remainder from General County. Motion Carried Unanimously.

A motion was made by Robert Weaver seconded by Tony Veltri to re-appoint Robert G. Knotts retro-active to June 6, 2005 for a 6 year term to Taylor County PSD. This motion was seconded by Tony Veltri. Motion Carried Unanimously.

The Taylor County Commission signed deed to Quality Machine Company.

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.

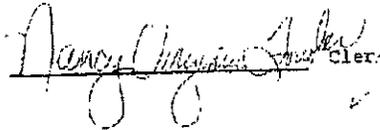
A motion was made by Dave Gobel seconded by Tony Veltri to authorize President to make decision and sign agreements to purchase or lease Indexing System for County Clerk's Office.

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.

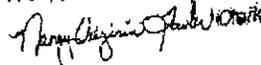
Bills were approved as follows:

General County	25,562.83
Dog Tax	184.54
Home Detention	734.70
Worthless Check	5,211.40
Magistrate	12,868.25
Deputy Sheriff Ret.	348.00
TOTAL	\$47,909.82

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


Nancy Christine Fisher Clerk

A Copy Tesla



ear
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.	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 Efaw 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.

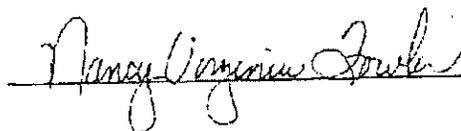
Robert Weaver made a motion seconded by Dave Gobel to approve Depository Bond as submitted by First Community Bank. Motion Carried Unanimously. Bond is recorded at the end of these Minutes.

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

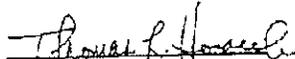
At the regular session of the Council of the City of Grafton, held on the 9th day of October, 2001, the following order was made and entered:

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 9TH 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

Page 164

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 Wynnis 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 Raymond 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.

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 Riggelman 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	24,556.58
Fed. Pris.	154.80
Coal Sev.	4,540.86
Escrow EDA	560.00
TOTAL	529,412.24

Motion Carried Unanimously.

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

Nancy Virginia Foster Clerk

A Copy Tests

Nancy Virginia Foster Clerk

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. Spadafora 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. Spadafora to request both applicants withdraw their proposal from ENHA subject to advise from ENHA. Motion Carried Unanimously.

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

310	+2,750.00	375	+500.00
401-11-42	+950.00	707-66-70	+4,000.00
401-56-65	-550.00	712-66-70	4500.00
450-11 55	+2,750.00		
572	+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	450-03	-4,000.00
441-06	-1,018.00	460-04	-11,000.00
456-01	-4,000.00	450-06	-15,000.00
456-02	-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	112.31
Ch. Cap. Imp.	307.54
Dog Tax	305.79
Coal Severance	1,331.28
TOTAL	\$22,668.06

No further business came before the Commission. Meeting adjourned at 7:30 P.M.

Nancy Virginia Forder, 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 15 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 Courthouse at the Courthouse at Crafton, 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 or posted 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 15.

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 Grifton, 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 4th day of March, 1990.

John M. Williams

President of Taylor County
Commission

Frank S. Spivey

Commissioner

James C. Hasty

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 Grifton, 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:
Dorothy Virginia Powell

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

A Copy Taste
Dorothy Virginia Powell

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

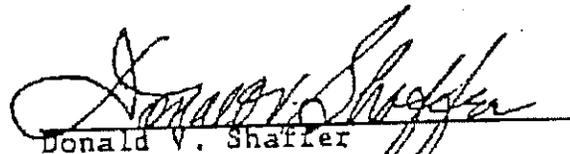
A Copy True
Nancy Virginia Fowler Clerk

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 To be Nancy Virginia Foster Clerk

Court Order Book 21 Page 225

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 deems it to be in the public interest and the best interest 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 12a 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, an is ordered by the County Commission of Taylor County, West Virginia, as follows:

SECTION 1: The County Commission of Taylor County deems 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 12a 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 Courthouse at the Courthouse at Grafton, 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 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 to 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 12a 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 having an 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 at 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 Taylor County Public Service District. By order of the County Commission of Taylor County this 9th day of September, 1983.

Donald V. Shaffer
Chairman
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 having an 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 at 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 Taylor County Public Service District. By order of the County Commission of Taylor County this 9th day of September, 1983.

ATTEST:

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

Nancy Virginia Fawcett
A Copy Teste
Nancy Virginia Fawcett 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.

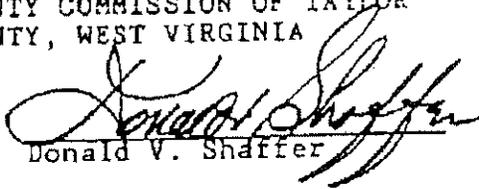
The County Commission then further discussed the enlargement of said district. Whereupon, Donald V. Shaffer introduced and caused to be read a proposed resolution and

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:

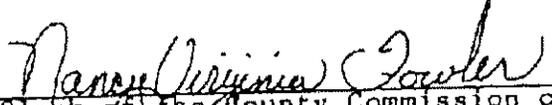
Clerk



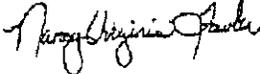
STATE OF WEST VIRGINIA,
COUNTY OF TAYLOR, TO-WIT:

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 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.

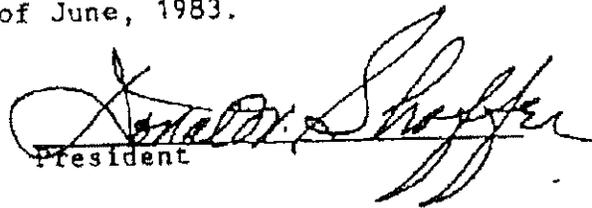
D. The territory described above includes within its limits the territory of other public services districts organized under said Article 13A of Chapter 16, and also includes within its limits the City of Grafton, a municipal corporation, and water associations. However, the City of Grafton plans to 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.

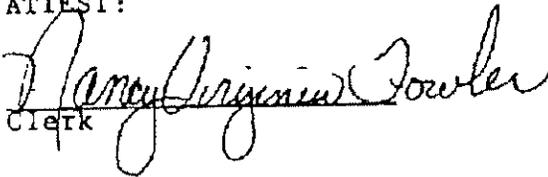
F. The District will not hold itself out to provide any service whatever other than the bulk sale of potable water to such entities desiring to purchase water from the District through master meters under contracts executed by the District and the entities desiring to so purchase water.

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.

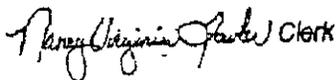
Adopted by the County Commission of Taylor County, West Virginia, this 6th day of June, 1983.


President

ATTEST:


Clerk

A Copy Teste

 Clerk

Court Order Book 21, Page 209

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
Donald V. Shaffer

Its President

ATTEST:

Nancy Virginia Fowler
Clerk

A Copy Teste

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.

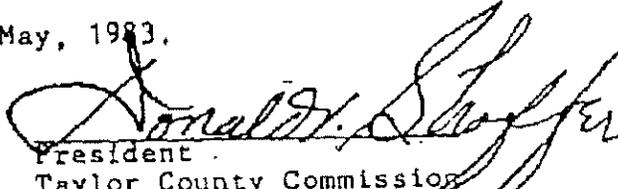
G. The reasons for making the territory of the District the same as the territory of the County of Taylor, excluding the Town of Flemington, are to facilitate financing of the water treatment plant and to enable the County Commission to appoint members to the public service board of the District who 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.

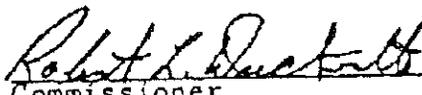
Section 4. The Clerk of this County Commission is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on May 24, 1983 in a newspaper of general circulation published in Taylor County, and to post notices

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

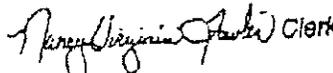
Dated this 12th day of May, 1983.


President
Taylor County Commission


Commissioner


Commissioner

A Copy Teste

 Clerk

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.

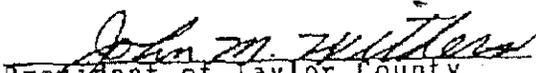
SECTION 2: On the 2nd day of April, 1990, at the hour of 4:00 P.M., this County Commission shall meet in the County Courtroom at the Courthouse at Grafton, West Virginia, for the purpose of conducting a public hearing on the enlargement of the powers of Taylor County Public Service District, at which 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.

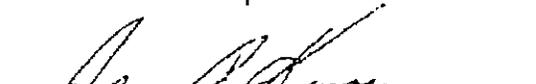
NOTICE OF PUBLIC HEARING ON ENLARGEMENT OF THE POWERS
OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT

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.


President of Taylor County
Commission


Commissioner

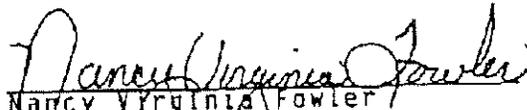

Commissioner

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

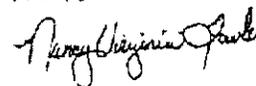
Notice is hereby given, that deeming it to be in the public interest, the County Commission of Taylor County, West Virginia, on its own motion has proposed the enlargement of the powers of Taylor County Public Service District to allow construction, maintenance, and operation of water distribution systems 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

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
Hannan 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 Rigglerman 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.

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 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 present 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-FWD-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 prejudgment 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

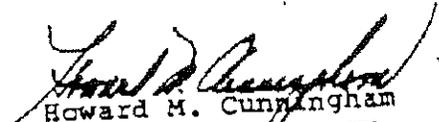
ORDER

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

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

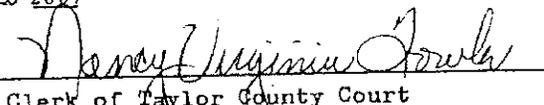
TO the best of my skill and judgment, so help me God.

Signature of Affiant



Subscribed and sworn to before me in said County and State this 30th

day of January, A.D. 2007


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 30th day of January, 2007. 9:40AM

 . 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 A. 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

A COPY

Nancy Virginia Fowler Clerk

Copies - 6-5-09

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

Jimmie Biggsman

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

A Copy

Nancy Virginia Fowler

Copies 6-5-2009

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

Minutes
Taylor County Public Service District
Regular Meeting, 1:00 pm
Tuesday, January 4, 2010/

The meeting was called to order by the Chairman, Robert Knotts

It was

brought to the attention of the TCPSD members that Marty Austin (i the Knottsville area) owed a water bill in the amount of \$1700.00 He had made an agreement over a year ago to pay his regular monthl water bill plus an additional \$50.00 a month on his unpaid bill h already owed...but he has only been paying the \$50.00 and has no been paying his current monthly bill. He will be notified by lette that his back bill needs to be paid. If it is not paid - his wate will be turned off.

Mr. Knott

gave a report on the Cherry Run Area Water Project (near Phil Brown's). He had attended the last Taylor County Commission meetin & brought a copy of a Grant Approval Letter in the amount of \$126,000.00 along with a Stag Grant in the amount of \$154,000.00 (total of \$280,000.00) to do the project. The letter was signed b Joe Manchin.

Engineer

Morgan Coast was not present at the meeting, so there was no repor on the progress of the Newburg water extension project.

There was:

discussion of the Skeleton Job Description that Paul Shroyer has bee work on for the Water Plant employees. It contained the qualifications for the levels 1,2,3, & 4 Water Plant Operators. Paul will do some changes & more work on this project.

A motion

was made by Paul Shroyer & seconded by Carole Klepfel to allow Bo Knotts to sign the pay requests from the Newburg Project that wil need to be paid later in the month without calling a special meeting The motion carried.

A motion

was made to change the date of the regular monthly TCPSD meeting fro the first Tuesday of each month to the first Monday of each month The meeting time will remain 1:00 pm. The motion made by Jim Riggleman & seconded by Paul Shroyer. The motion carried.

The election of TCPSD officers for the year 2011 was held. A motion was made by Carole Klepfel to retain the same officers in the same positions for the upcoming year, pending the decision of Ed Beaver as to whether he wanted to retain the position of Secretary. (Mr Beavers was NOT present at the meeting). The motion was seconded by Paul Shroyer. The motion carried.

Mr.

Riggleman gave the treasurer's report.

With nothing further to discuss, a motion was made by Paul Shroyer to adjourn the meeting, it was seconded by Carole Klepfel. The motion carried. The meeting was adjourned at 3:02pm.

Present were: TCPSD members, Bob Knotts, Jim Riggleman, Carole Klepfel & Paul Shroyer.

Also present was TCPSD Attorney Bob Gorey.

Bob H. Knott James Riggleman Paul Shroyer
Carole F. Klepfel

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 special 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.

07/01/04
888140.00001

TAYLOR COUNTY PUBLIC SERVICE DISTRICT, a public utility

OF

GRAFTON, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Grafton and Thornton, located approximately three and one half miles east of Grafton,
Taylor County, West Virginia

Filed with **THE PUBLIC SERVICE COMMISSION**
of
WEST VIRGINIA

RECEIVED
08 SEP 12 AM 9:53
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Issued September 9, 2008

Effective for service rendered on and after August 19, 2008
or as otherwise provided herein

Issued by authority of an order of the
Public Service Commission of West Virginia
in Case No. 08-0277-PWD-19A final
August 19, 2008 or as otherwise provided herein

Issued by TAYLOR COUNTY PUBLIC SERVICE DISTRICT, a public utility

By *James Biggleman*
Treasurer
Title

RULES AND REGULATIONS

- I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

(I) RATES (customers with metered water supply)

First	3,000	gallons used per month	\$9.60 per 1,000 gallons
Next	3,000	gallons used per month	\$8.00 per 1,000 gallons
Next	4,000	gallons used per month	\$7.50 per 1,000 gallons
All Over	10,000	gallons used per month	\$7.00 per 1,000 gallons

(C,D) MINIMUM CHARGE

No minimum bill will be rendered for less than the following:

	5/8 inch meter	\$ 19.20 per month
(O)	1 inch meter	\$ 48.00 per month
	1- 1/2 inch meter	\$ 96.00 per month
	2 inch meter	\$153.60 per month
	3 inch meter	\$288.00 per month

(I) 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 \$1.10 per 1,000 gallons used 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

- (I) Indicates increase
- (C) Indicates change in text
- (D) Indicates decrease
- (O) Indicates omission

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 premises 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

\$0.28 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 customer's historical average usage.

(N) SECURITY DEPOSIT

All new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars.

(N) RETURNED CHECK CHARGE

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

(N) Indicates new

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

Entered: July 30, 2008

8/19/2008

CASE NO. 08-0277-PWD-19A

TAYLOR COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Grafton, Taylor County.
Rule 19A application to increase water
rates and charges.

RECOMMENDED DECISION

On February 29, 2008, the Taylor County Public Service District (Utility) submitted a Rule 19A application to increase its rates and charges. The Utility also filed a Tariff Form 6A indicating that it properly provided notice of its application to its customers.

On April 16, 2008, the Commission referred the matter requiring a decision on or before October 27, 2008.

On May 7, 2008, the Utility requested emergency rate relief indicating that it was soon obligated to pay debt payments of about \$4,800 a month, but had no ability to do so.

On June 5, 2008, Staff recommended an interim rate increase of 5.2% across-the-board. Staff indicated that the Utility's cash flow deficit was the result of debt service coming due on a project related to Case No. 06-0271-PWD-CN. Staff reported that the Utility is operating at a going-level deficit of \$1,561. Staff indicated that its proposed interim rates would provide a cash flow surplus of \$40,411 and debt service coverage of 132.34%.

On June 10, 2008, an Interim Recommended Decision was entered granting the Utility a 5.2% across-the-board rate increase.¹

On June 16, 2008, Staff filed its final report in this proceeding. Staff recommended an overall revenue increase for the Utility of 8.92%, which is the amount the overall recommended revenue is above the rates prior to this proceeding. Staff also submitted a class cost-of-service study and recommended modifying the rate structure. The modified rate structure will result in a decrease in the minimum residential bill from 3,000 gallons to 2,000 gallons and a reduction in rates of 5.79%, making the Staff-recommended minimum bill \$19.20. The percentage increases for those using more than the minimum amount range from 8.84% to 44.73%. A

¹Unfortunately, the Interim Recommended Decision failed to have attached to it the approved interim rates. The problem was corrected by Corrective Orders issued June 18, 2008, and July 21, 2008.

4,500 gallon customer (a typical residential customer) would receive a 10.36% rate increase with rates going from \$35.52 a month to \$39.20 a month. A 500,000 gallon customer would receive a 44.73% rate increase with the monthly bill going from \$2,426.03 to \$3,511.20. Staff recommended an increase in the resale rate of 10.55%.

By Procedural Order issued June 18, 2008, the Utility was required to publish notice of the Staff-recommended increases. The Utility was further required to mail a copy of the Notice of Staff-recommended increases to its resale customers. The Notice provided an opportunity to protest within ten days of the date of the Notice.

On July 10, 2008, the Utility filed an affidavit of publication indicating that it properly published the Staff-recommended rates in a newspaper published and of general circulation in Taylor County on June 18, 2008, and further filed United States Postal Service receipts verifying that it properly mailed copies of the Notice to its resale customers. No individual has filed a protest pursuant to the Notice.

On July 14, 2008, the Utility filed a letter with the Commission indicating that it was in agreement with the Staff-recommended rates.

Given that the Utility agrees with the Staff-recommended rates and no one has protested those rates, they should be adopted for use by the Utility.

FINDINGS OF FACT

1. On February 9, 2008, the Utility submitted a Rule 19A application to increase its rates. (See filing).

2. On May 7, 2008, the Utility requested emergency interim rate relief indicating that it needed to start making bond payments to Rural Utilities Service in the approximate amount of \$4,800 in June 2008. (See May 7, 2008 filing).

3. Staff recommended a 5.2% across-the-board interim rate increase, subject to refund. (See Staff filing of June 5, 2008).

4. Due to the Utility's operation at a going-level deficit and its inadequate debt service coverage, an emergency interim rate increase, as recommended by Staff, was approved by an Interim Recommended Decision that became a Final Order of the Commission on June 30, 2008. (See Interim Recommended Decision entered June 10, 2008; Staff filing of June 5, 2008)

5. On June 16, 2008, Staff recommended that the Utility's rates be increased 8.92% above the level of rates at the time of the filing of this proceeding. (See Staff filing of June 16, 2008).

6. The Utility serves approximately 483 residential and commercial customers and four resale customers. The resale customers account for 76% of the Utility's water sales and serve approximately 6,080 customers. (Id.)

7. The Utility's four resale customers are the Southwestern Public Service District, the Mountain View Water Association, the Hammond Public Service District and the City of Grafton. The Utility does not use its own distribution system to serve the resale customers. It uses the City of Grafton's water system to serve the other resale customers. (See Staff filing of June 16, 2008).

8. The Utility recently upgraded its water treatment plant including building a new clear well and rebuilding filters. (Id.).

9. The Utility's unaccounted-for water rate for year ending June 30, 2007, was 0.3%. (Id.).

10. Except for the Utility's main storage tank, all of its storage tanks and booster stations are in good repair. The Utility's main storage tank will require certain repairs and repainting in the next few years. The Utility is currently in the process of seeking funding for that project. (Id.).

11. The Utility's most recent sanitary survey from the West Virginia Bureau of Public Health contained no significant deficiencies. The moderate deficiencies listed in the report have all been corrected by the Utility. (Id.).

12. Staff calculated the Utility's incremental cost of water production to be \$0.274 per 1,000 gallons. (Id.).

13. Staff conducted a class cost of service study which indicated that certain classes were subsidizing other classes. Accordingly, the Staff-recommended rates reduce certain rates including those for a minimum bill and increase other rates ranging from 8.84% to 44.73%. (Id.).

14. Staff recommended not increasing the commercial classes' rates to the level indicated by the class cost of service study in this proceeding due to potential for rate shock. (Id.).

15. The Staff-recommended rates produce a cash surplus of \$46,340 and a debt service coverage of 133.85%. (Id.).

16. The Utility's rates prior to the emergency rate increase produced a cash flow deficit of \$26,291 and a debt service coverage of 107.18%. (Id.).

17. The Utility properly provided notice to its customers and resale customers of the Staff-recommended rates. The notice provided for an opportunity to protest the proposed rates. (See Procedural Order issued June 18, 2008, and Utility filing of July 10, 2008).

18. The Utility has indicated that it is in agreement with the Staff-recommended rates and the Staff Report. (See Utility filing of July 14, 2008).

19. No protests have been filed. (See, case file generally).

CONCLUSION OF LAW

The Staff-recommended rates are reasonable, just, based primarily on the cost of providing service and should be adopted for use by this Utility for all service rendered on and after the date that this Order becomes a final order of the Commission.

ORDER

IT IS, THEREFORE, ORDERED that attached rates be, and hereby are, approved for use by the Taylor County Public Service District for all services rendered on and after the date that this becomes a final Order of the Commission. The Utility shall file with the Commission a proper revised tariff sheet and at least five (5) copies within thirty (30) days of the date that this Order becomes final.

IT IS FURTHER ORDERED that the Executive Secretary remove this matter from the open docket.

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 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 the exceptions.

If no exceptions are filed, this order shall become the order of the Commission, without further action, five (5) days following the expiration of the fifteen (15) day time period, unless it is ordered stayed 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 the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Keith A. George
Administrative Law Judge

KAG:mal
080277ad.wpd

CASE NO. 08-0277-PWD-19A
TAYLOR COUNTY PUBLIC SERVICE DISTRICT,
APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES (Customers with metered water supply)

First	2,000 gallons used per month	\$9.60 per 1,000 gallons
Next	4,000 gallons used per month	\$8.00 per 1,000 gallons
Next	4,000 gallons used per month	\$7.50 per 1,000 gallons
All over	10,000 gallons used per month	\$7.00 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than the following:

5/8 or 3/4-inch meter	\$ 19.20 per month
1 inch meter	\$ 48.00 per month
1-1/2 inch meter	\$ 96.00 per month
2 inch meter	\$153.60 per month
3 inch meter	\$288.00 per month

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 \$1.10 per 1,000 gallons used per month.

RECONNECTION CHARGE - \$20.00

To be charged whenever the supply of water is turned off for violation of rules, nonpayment 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 premises 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

\$0.28 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SECURITY DEPOSIT

All new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars.

RETURNED CHECK CHARGE

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

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

**Water Revenue Bonds,
Series 1996 A and Series 1996 B**

BOND RESOLUTION

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TAYLOR COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$350,000 WATER REVENUE BOND, SERIES 1996 A, AND \$129,000 WATER REVENUE BOND, SERIES 1996 B, OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT, ON A PARITY WITH THE OUTSTANDING WATER REVENUE BOND, SERIES 1985, OF THE DISTRICT, TO FINANCE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE DISTRICT AND ALL APPURTENANT FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITIES FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED 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 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. Taylor County Public Service District (the "Issuer") is a public corporation and public service district 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.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of a water distribution system at Knottsville, Taylor County, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bonds (hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$1,760,000, of which \$479,000 will be obtained from the proceeds of sale of the Bonds herein authorized, \$531,000 will be obtained from a grant from the Purchaser and \$750,000 will be obtained from a grant from the Appalachian Regional Commission.

E. It is necessary for the Issuer to issue its water revenue bonds in the total principal amount of \$479,000, in two series, being the 1996 A Bond (hereinafter defined), in the principal amount of \$350,000, and the 1996 B Bond (hereinafter defined), in the aggregate principal amount of \$129,000 (collectively, the "Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There is outstanding an obligation of the Issuer which will rank on a parity with the Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1985, dated August 14, 1985, issued in the original principal amount of \$1,642,000 (the "Prior Bond"), held by the Purchaser. As of the date of issuance of the Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Bonds as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bond, or any resolution authorizing issuance of the Prior Bond or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated September 8, 1992, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds, or will have so complied prior to issuance of the Bonds, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"1996 A Bond" means the Water Revenue Bond, Series 1996 A, authorized hereby to be issued pursuant to this Bond Legislation.

"1996 B Bond" means the Water Revenue Bond, Series 1996 B, authorized hereby to be issued pursuant to this Bond Legislation.

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

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

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

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Vaughn, Coast & Vaughn, Inc., St. Clairsville, Ohio, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means One Valley Bank, Grafton, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each 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 are guaranteed by, the United States of America.

"Grants" means, collectively, the grant from the Appalachian Regional Commission and the grant from the Purchaser, committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Taylor County Public Service District, a public service district and a public corporation and a political subdivision of the State of West Virginia, in Taylor County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated September 8, 1992, and all amendments thereto, if any.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that all monthly amortization payments upon the Bonds and the Prior Bond and into the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Prior Bond" means the outstanding Water Revenue Bond, Series 1985, of the Issuer described in Section 1.02G hereof.

"Prior Resolution" means the Resolution of the Issuer adopted June 14, 1984, authorizing issuance of the Prior Bond.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Economic and Community Development (formerly Farmers Home Administration), and any successor thereof, acting for and on behalf of the United States of America.

"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 (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Registered Owner," "Bondholder," "Holder of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"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.

"Surplus Revenues" shall have the meaning set forth in Section 4.03B(v) hereof.

"System" means the existing waterworks of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$1,760,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Bonds of the Issuer, to be known as "Water Revenue Bond, Series 1996 A" and "Water Revenue Bond, Series 1996 B," are hereby authorized to be issued in the respective principal amounts of \$350,000 and \$129,000 for a total aggregate principal amount of not exceeding \$479,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. A. The 1996 A Bond shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The 1996 A Bond shall bear interest from the date of delivery, payable monthly at the rate of 4 1/2% per annum, and shall be sold for the par value thereof.

B. The 1996 B Bond shall be issued in single form, numbered BR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The 1996 B Bond shall bear interest from the date of delivery, payable monthly at the rate of 4 1/2% per annum, and shall be sold for the par value thereof.

The Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bonds, and the right to principal of and stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Bonds shall have matured or be about to mature, instead of

issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured forthwith equally and on a parity with each other by a first lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds, all on a parity with the Prior Bond. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds and the Prior Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds and the Prior Bond as the same become due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF 1996 A BOND)

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1996 A

\$350,000

No. AR-1

Date: _____

FOR VALUE RECEIVED, TAYLOR COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of THREE HUNDRED FIFTY THOUSAND DOLLARS (\$350,000), plus interest on the unpaid principal balance at the rate of 4 1/2% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$1,607, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of

authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE 1996 B BOND ISSUED CONCURRENTLY HEREWITH, AND THE PRIOR BOND HERETOFORE ISSUED, ALL AS DEFINED AND DESCRIBED IN SAID RESOLUTION.

IN WITNESS WHEREOF, TAYLOR COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 202
(P. O. Box No. or Street Address)

Grafton, West Virginia 26534
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	\$		(7)	\$	
(2)	\$		(8)	\$	
(3)	\$		(9)	\$	
(4)	\$		(10)	\$	
(5)	\$		(11)	\$	
(6)	\$		(12)	\$	
TOTAL				\$	

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____

In the presence of:

(FORM OF 1996 B BOND)

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1996 B

\$129,000

No. BR-1

Date: _____

FOR VALUE RECEIVED, TAYLOR COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED TWENTY-NINE THOUSAND DOLLARS (\$129,000), plus interest on the unpaid principal balance at the rate of 4 1/2% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$593, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of

authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE 1996 A BOND ISSUED CONCURRENTLY HEREWITH, AND THE PRIOR BOND HERETOFORE ISSUED, ALL AS DEFINED AND DESCRIBED IN SAID RESOLUTION.

IN WITNESS WHEREOF, TAYLOR COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

TAYLOR COUNTY PUBLIC SERVICE
DISTRICT

(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P. O. Box 202
(P. O. Box No. or Street Address)

Grafton, West Virginia 26534
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	
TOTAL		\$	_____

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____.

In the presence of:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are 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);
- (3) Depreciation Reserve (established by the Prior Resolution); and
- (4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance

remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

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

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

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and 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, on or before the due date of payment of each installment on the Bonds and the Prior Bond, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bonds and the Prior Bond (or such other place as may be provided pursuant to the Bonds and the Prior Bond), the amounts required to pay the interest on the Bonds and the Prior Bond, and to amortize the principal of the Bonds and the Prior Bond over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Bonds and the Prior 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 remit to the Depository Bank for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum aggregate amount of principal

and interest becoming due on the Bonds and the Prior Bond in any year, until the amount in the Reserve Fund equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and the Prior Bond and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds and the Prior Bond to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds and the Prior Bond, or for mandatory prepayment of the Bonds and the Prior Bond as hereinafter provided, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund.

(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 Bonds and the Prior Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(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

("Surplus Revenues"), may be used to prepay installments of the Bonds and the Prior Bond, pro rata, or for any lawful purpose.

Whenever the money in the Reserve Fund shall be sufficient to prepay the Bonds and the Prior Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds and the Prior Bond at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve, as herein provided, and all amounts required for the 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 other than the Project Construction Account shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the Prior Bond and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to the Prior Resolution, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the 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 Government Obligations having maturities not exceeding two years. 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 Reserve Fund, so long as the

Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent 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. USER CONTRACTS. The Issuer shall, prior to delivery of the Bonds, provide evidence that there will be at least 185 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

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

F. INVESTMENT OF EXCESS BALANCES. 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.

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

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

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$350,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into the credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or the Grants or from Surplus Revenues. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the 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 Holder of the Bonds.

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

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

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or

destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

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

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

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the statutory mortgage lien in favor the Holder of the Prior Bond, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bonds and shall be for the equal benefit of the Bonds and the Prior Bond.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Bonds 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 Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the 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 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bonds are outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order 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 VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the 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 with respect to the Bonds, 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 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Bondholder.

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolution and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolution.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

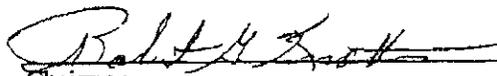
Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State 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.

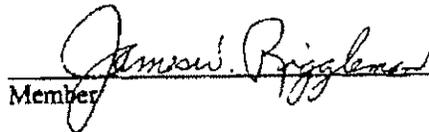
Section 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: February 1, 1996.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT


Chairman


Member


Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of TAYLOR COUNTY PUBLIC SERVICE DISTRICT on the 1st day of February, 1996.

Dated: February 1, 1996.

[SEAL]


Secretary, Public Service Board

01/29/96
TCBJM.A5
888140/92001

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)**

BOND RESOLUTION

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TAYLOR COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$961,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED 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 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. Taylor County Public Service District (the "Issuer") is a public corporation and public service district 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.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of the installation of approximately 26,540 linear feet of 8 inch, 15,205 LF of 6 inch, 13,155 LF of 4 inch, and 10,290 LF of 2 inch water line, construction of one pressure reducing valve station and one altitude valve station, and construction of one 63,000 gallon water storage tank in the Glade Run, Eby Road and Thorton areas of Taylor County, together with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (hereinafter defined) and all funds and accounts and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$1,704,600, of which not more than \$961,000 will be obtained from the proceeds of sale of the Series 2004 A Bonds herein authorized, \$663,600 will be obtained from a grant from the Purchaser, and \$80,000 will be obtained from surplus funds of the Issuer.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), in the aggregate principal amount of not more than \$961,000 (the "Series 2004 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2004 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues;

expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2004 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1996 A, dated February 1, 1996, issued in the original aggregate principal amount of \$350,000 (the "Series 1996 A Bonds"), the Water Revenue Bond, Series 1996 B, dated February 1, 1996, issued in the original aggregate principal amount of \$129,000 (the "Series 1996 B Bonds"), both held by United States Department of Agriculture, Rural Utilities Service, and 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"), held by Branch Banking and Trust Company (collectively, the "Prior Bonds"). Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2004 A Bonds as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions 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 the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2004 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions, dated June 27, 2001, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2004 A Bonds, or will have so complied prior to issuance of the Series 2004 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2004 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2004 A Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

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

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

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

"Chairman" means the Chairman of the Governing Body.

"Commission" means the West Virginia Municipal Bond Commission, formerly known as the State Sinking Fund Commission, or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineer" means Vaughn, Coast & Vaughn, Inc., St. Clairsville, Ohio, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Branch Banking and Trust Company, Grafton, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each 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 are guaranteed by, the United States of America.

"Grants" means, collectively, all grants committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Taylor County Public Service District, a public service district and a public corporation and a political subdivision of the State of West Virginia, in Taylor County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 27, 2001, and all amendments thereto, if any.

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

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and 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 Project and 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 one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Water Revenue Bonds, Series 1996 A (United States Department of Agriculture), Water Revenue Bonds, Series 1996 B (United States Department of Agriculture), and Water Refunding Revenue Bonds, Series 1996 C of the Issuer described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, respectively adopted February 1, 1996, and September 26, 1996, authorizing the Prior Bonds.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"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 (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the

maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia 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.

"Registered Owners," "Bondholders," "Holders of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"Resolutions" means, collectively, the Prior Resolutions 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.

"Series 2004 A Bonds" means the Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"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 improvements and extensions thereto hereafter acquired or constructed 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 neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$1,704,600, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2004 A Bonds hereby authorized shall be applied as provided in Article IV hereof.

*

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2004 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2004 A (United States Department of Agriculture)", are hereby authorized to be issued in a principal amount not to exceed \$961,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2004 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2004 A Bonds shall bear interest from the date of delivery, payable monthly at a rate not to exceed 4.5% per annum, and shall be sold for the par value thereof.

The Series 2004 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2004 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2004 A Bonds, and the right to principal of and stated interest on the Series 2004 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2004 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2004 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2004 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2004 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2004 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2004 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2004 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2004 A Bonds for registration of transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2004 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2004 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2004 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2004 A Bonds shall cease to be such officer of the Issuer before the Series 2004 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2004 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2004 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2004 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2004 A Bonds shall have

matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2004 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, 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 2004 A Bonds 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 Series 2004 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2004 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

TAYLOR COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2004 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ _____

No. AR-1

Date: _____

FOR VALUE RECEIVED, TAYLOR COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ DOLLARS (\$ _____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first _____ months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of _____ years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2004, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(i) WATER REVENUE BONDS, SERIES 1996 A, DATED FEBRUARY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$350,000, AND DESCRIBED IN THE PRIOR RESOLUTIONS;

(ii) WATER REVENUE BONDS, SERIES 1996 B, DATED FEBRUARY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$129,000, AND DESCRIBED IN THE PRIOR RESOLUTIONS; AND

(iii) WATER REFUNDING REVENUE BONDS, SERIES 1996 C, DATED SEPTEMBER 26, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,454,000, AND DESCRIBED IN THE PRIOR RESOLUTIONS.

IN WITNESS WHEREOF, TAYLOR COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By: _____
Its: Chairman, Public Service Board
Post Office Box 202
Grafton, West Virginia 26354

ATTEST:

By: _____
Its: Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____.

*

In the presence of:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are 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 from each other:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Depreciation Reserve (established by Prior Resolutions); and
- (3) Series 2004 A Project Construction Account.

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are 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 from each other:

- (1) Series 2004 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Series 2004 A Project Construction Account. The proceeds of the sale of the Series 2004 A Bonds shall be deposited upon receipt by the Issuer in the Series 2004 A Project Construction Account. The monies in the Series 2004 A Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2004 A Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2004 A Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2004 A Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2004 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Series 2004 A Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2004 A Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds.
So long as any of the Series 2004 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2004 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2004 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2004 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. 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 Resolutions not otherwise modified herein:

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

(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 2004 A Bonds transfer from the Revenue Fund and remit to (i) the appropriate entities required under the Prior Resolutions the amounts necessary to pay the principal and interest, if any, on the Prior Bonds; and (ii) to the National Finance Office, the amounts required to pay the interest on the Series 2004 A Bonds and to amortize the principal of the Series 2004 A Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior

Bonds and the Series 2004 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, on the date specified in the Prior Resolutions, transfer from the Revenue Fund and remit (i) to the Depository Bank for deposit into the Prior Bonds Reserve Fund and the 1996 C Bond Reserve Fund the amounts required by the Prior Resolutions; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 12th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2004 A Bonds Reserve Account, an amount equal to 0.4167% of the Minimum Reserve, until the amount in the Series 2004 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2004 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the Series 2004 A Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2004 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2004 A Bonds, or for mandatory prepayment of the Series 2004 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2004 A Bond Reserve Account, so long as the Series 2004 A Bonds Reserve Requirement is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for the deposit in the Depreciation Reserve (i) the amounts required by the Prior Resolutions; (ii) beginning on the date specified by the Purchaser, but in any event not later than the 12th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, an amount equal to 0.4167% of the Minimum Reserve, until the amount in the Series 2004 A Bonds Reserve Account equals the Minimum Reserve, and thereafter, 0.8334% of the Minimum

Reserve, so long as the Series 2004 A Bonds are outstanding; provided, however, that in the event Revenues are insufficient to fund the Series 2004 A Bonds Reserve Account in accordance with Section 4.03B above, or a withdrawal of funds from the Series 2004 A Bonds Reserve Account is made, payment of Revenues into the Depreciation Reserve as provided in this Section 4.03B shall not be made, but instead Revenues shall be applied to the replenishment of the Series 2004 A Bonds Reserve Account until such deficiency is cured, at which time payments into the Depreciation Reserve as provided in this Section 4.03B shall resume. Monies in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of interest on and principal of the Series 2004 A Bonds as the same become due, and next to restore to the Series 2004 A Bonds Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments are current and in accordance with the foregoing provisions, monies in the Depreciation Reserve may be withdrawn by the Issuer and used for replacements, repairs, improvements or extensions to the System.

(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 Bonds, pro rata, or for any lawful purpose.

Whenever the money in the Series 2004 A Bonds Reserve Account shall be sufficient to prepay the Series 2004 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2004 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission and the Depository Bank, as applicable, are hereby designated as the Fiscal Agents for the administration of the Series 2004 A Bonds Reserve Account and the Depreciation Reserve, and all amounts required for the Series 2004 A Bonds Reserve Account 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.

The Revenue Fund, the Series 2004 A Bonds Reserve Account and the Depreciation Reserve 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 2004 A Bonds and the interest thereon.

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.

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

Subject to the Prior Resolutions, the Commission and the Depository Bank, at the direction of the Issuer, shall keep the monies in the Series 2004 A Bonds Reserve Account and the Depreciation Reserve, 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 Series 2004 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Commission.

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. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2004 A Bonds, provide evidence that there will be at least 1,072 bona

fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. 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.

F. 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.

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2004 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2004 A Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2004 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 Holder of the Series 2004 A Bonds.

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 2004 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 2004 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 or Obligations. No Parity Bonds shall be issued after issuance of the Series 2004 A Bonds unless the provisions contained in the Prior Resolutions respecting issuance of Parity Bonds have been satisfied. No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

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.

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2004 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2004 A Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which

may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

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

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

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2004 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, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2004 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with 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 Series 2004 A Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 2004 A Bonds 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 Series 2004 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights. Prior to pursuing any remedy upon the occurrence of an Event of Default, the Purchaser must first provide the District with written notice of its intent to pursue a remedy. The notice must contain a description of the Event of Default and actions intended to be taken as a result of such default.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Series 2004 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 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2004 A Bonds are outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Recommended Decision of the Public Service Commission of West Virginia, entered on July 15, 2003, Case No. 03-0026-PWD-CN, as amended by the Commission Referral Order entered August 29, 2003, and the Commission Order entered November 13, 2003 in said case, which documents are incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2004 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 with respect to the Series 2004 A Bonds, 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 2004 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2004 A Bonds, the Issuer may not defease the Series 2004 A Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2004 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2004 A Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

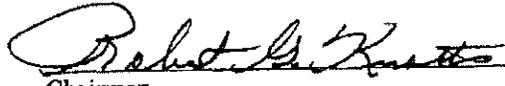
Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State 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 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted this 14th day of July, 2004.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT


Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of TAYLOR COUNTY PUBLIC SERVICE DISTRICT on the 14th day of July, 2004.

Dated: July 16, 2004.

[SEAL]

Edward J. Beavers
Secretary

07/01/04
888140.00001

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

BOND RESOLUTION

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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.

Richard W. Small
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]

Edward Beavers
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.

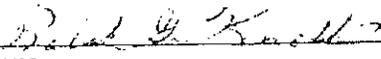
Section 9. The balance of the proceeds of the Series 2005 A Bonds shall be deposited in the Project Fund for payment of the costs of the acquisition of the Project, including, without limitation, costs of issuance of the Series 2005 A Bonds and related costs.

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

[Remainder of Page Intentionally Left Blank]

Adopted this 12th day of May, 2005.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT



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

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 A. Jones, Jr.*
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:

05/11/05
888140.00002

BB&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&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&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	

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 2007 A
(United States Department of Agriculture)**

BOND RESOLUTION

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TAYLOR COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF TAYLOR COUNTY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,061,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED 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 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. Taylor County Public Service District (the "Issuer") is a public corporation and public service district 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.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of water plant upgrade including rebuilding of existing filters, replacing in-plant water main, installation of various sizes and types of plant process and yard piping, installing a new 400,000 gallon clear well (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (hereinafter defined) and all funds and accounts and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$1,960,600, of which not more than \$1,061,000 will be obtained from the proceeds of sale of the Series 2007 A Bonds herein authorized, and \$899,600 will be obtained from a grant from the United States Environmental Protection Agency.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2007 A (United States Department of Agriculture), in the aggregate principal amount of not more than \$1,061,000 (the "Series 2007 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2007 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the

acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1996 A, dated February 1, 1996, issued in the original aggregate principal amount of \$350,000 (the "Series 1996 A Bonds"), the Water Revenue Bond, Series 1996 B, dated February 1, 1996, issued in the original aggregate principal amount of \$129,000 (the "Series 1996 B Bonds"), Water Revenue Bonds, Series 2004 A, dated July 16, 2004 issued in the original aggregate principal amount of \$961,000 (the "Series 2004 A Bonds") all held by United States Department of Agriculture, Rural Utilities Service, and Water Refunding Revenue Bond, Series 2005 A, dated May 16, 2005, issued in the original aggregate principal amount of \$870,000 (the "Series 2005 A Bonds"), held by Branch Banking and Trust Company (collectively, the "Prior Bonds"). Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2007 A Bonds as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions 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 the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2007 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions, dated December 6, 2005, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2007 A Bonds, or will have so complied prior to issuance of the Series 2007 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 A Bonds by those who shall be the Registered Owner of

the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2007 A Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

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

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Bonds" means, collectively, the Series 2007 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

"Commission" means the West Virginia Municipal Bond Commission, formerly known as the State Sinking Fund Commission, or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineer" means Vaughn, Coast & Vaughn, Inc., St. Clairsville, Ohio, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Branch Banking and Trust Company, Grafton, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each 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 are guaranteed by, the United States of America.

"Grants" means, collectively, all grants committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Taylor County Public Service District, a public service district and a public corporation and a political subdivision of the State of West Virginia, in Taylor County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated December 6, 2005, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2007 A Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and 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 Project and 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 one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Water Revenue Bonds, Series 1996 A (United States Department of Agriculture), Water Revenue Bonds, Series 1996 B (United States Department of Agriculture), and Water Refunding Revenue Bonds, Series 2005 A of the Issuer described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, respectively adopted February 1, 1996, July 14, 2004 and May 12, 2005, authorizing the Prior Bonds.

"Project" shall have the meaning stated in Section 1.02B above.

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"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 (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Registered Owners," "Bondholders," "Holders of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"Resolutions" means, collectively, the Prior Resolutions 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.

“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 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 2005 A Bonds” means the Issuer’s Water Refunding Revenue Bond, Series 2005 A, dated May 16, 2005, issued in the original aggregate principal amount of \$870,000 held by Branch Banking and Trust Company

“Series 2007 A Bonds” means the Water Revenue Bonds, Series 2007 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

“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 improvements and extensions thereto hereafter acquired or constructed 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 neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$1,960,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2007 A Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2007 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2007 A (United States Department of Agriculture)", are hereby authorized to be issued in a principal amount not to exceed \$1,061,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2007 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2007 A Bonds shall bear interest from the date of delivery, payable monthly at a rate not to exceed 4.125% per annum, and shall be sold for the par value thereof.

The Series 2007 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2007 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2007 A Bonds, and the right to principal of and stated interest on the Series 2007 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2007 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2007 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2007 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2007 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2007 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2007 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2007 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2007 A Bonds for registration of transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2007 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2007 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2007 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2007 A Bonds shall cease to be such officer of the Issuer before the Series 2007 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2007 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2007 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2007 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2007 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2007 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, 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 2007 A Bonds 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 Series 2007 A Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2007 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

TAYLOR COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2007 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,061,000

No. AR-1

Date: _____

FOR VALUE RECEIVED, TAYLOR COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION SIXTY ONE THOUSAND DOLLARS (\$1,061,000), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first _____ months after the date hereof, and \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of _____ years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(i) WATER REVENUE BONDS, SERIES 1996 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$350,000, AND DESCRIBED IN THE PRIOR RESOLUTIONS;

(ii) WATER REVENUE BONDS, SERIES 1996 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$129,000, AND DESCRIBED IN THE PRIOR RESOLUTIONS; AND

(iii) 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 AND DESCRIBED IN THE PRIOR RESOLUTIONS; AND

(iv) WATER REFUNDING REVENUE BONDS, SERIES 2005 A (BRANCH BANKING AND TRUST COMPANY), DATED MAY 16, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$870,000, AND DESCRIBED IN THE PRIOR RESOLUTIONS.

IN WITNESS WHEREOF, TAYLOR COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By: _____
Its: Chairman, Public Service Board
Post Office Box 202
Grafton, West Virginia 26354

ATTEST:

By: _____
Its: Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are 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 from each other:

- (1) Revenue Fund (established by the Prior Resolutions);
- (2) Reserve Fund (established by Prior Resolutions and herein called the "Prior Bonds Reserve Fund");
- (3) Depreciation Reserve (established by Prior Resolutions); and
- (4) Series 2007 A Project Construction Account.

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are 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 from each other:

- (1) Series 2004 A Bonds Reserve Account (established by Prior Resolutions);
- (2) Series 2005 A Bonds Reserve Account (established by Prior Resolutions); and
- (3) Series 2007 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Series 2007 A Project Construction Account. The proceeds of the sale of the Series 2007 A Bonds shall be deposited upon receipt by the Issuer in the Series 2007 A Project Construction Account. The monies in the Series 2007 A Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2007 A Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2007 A Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2007 A Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2007 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Series 2007 A Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2007 A Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

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

So long as any of the Series 2007 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2007 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2007 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2007 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. 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 Resolutions not otherwise modified herein:

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

(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 2007 A Bonds transfer from the Revenue Fund and remit to (i) the appropriate entities required under the Prior Resolutions the amounts necessary to pay the principal and

interest, if any, on the Prior Bonds; and (ii) to the National Finance Office, the amounts required to pay the interest on the Series 2007 A Bonds and to amortize the principal of the Series 2007 A Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2007 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, on the date specified in the Prior Resolutions, transfer from the Revenue Fund and remit (i) to the Depository Bank for deposit into the Prior Bonds Reserve Fund and the 2005 A Bond Reserve Fund the amounts required by the Prior Resolutions; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2007 A Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2007 A Bonds reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2007 A Bonds reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein an amount equal to the Minimum Reserve, Monies in the Series 2007 A Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2007 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2007 A Bonds, or for mandatory prepayment of the Series 2007 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2007 A Bond Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

(4) The Issuer shall next on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for the deposit in the Depreciation Reserve the amounts required by the Prior Resolutions.

(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 Bonds, pro rata, or for any lawful purpose.

Whenever the money in the Series 2007 A Bonds Reserve Account shall be sufficient to prepay the Series 2007 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2007 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission and the Depository Bank, as applicable, are hereby designated as the Fiscal Agents for the administration of the Series 2007 A Bonds Reserve Account and the Depreciation Reserve, and all amounts required for the Series 2007 A Bonds Reserve Account 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.

The Revenue Fund, the Series 2007 A Bonds Reserve Account and the Depreciation Reserve 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 2007 A Bonds and the interest thereon.

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.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2007 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission and the Depository Bank, at the direction of the Issuer, shall keep the monies in the Series 2007 A Bonds Reserve Account and the Depreciation Reserve, 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 Series 2007 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Commission.

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. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2007 A Bonds, provide evidence that there will be at least 485 bona fide users upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

E. 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.

F. 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.

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2007 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2007 A Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2007 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 Holder of the Series 2007 A Bonds.

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 2007 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 2007 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 or Obligations. No Parity Bonds shall be issued after issuance of the Series 2007 A Bonds unless the provisions contained in the Prior Resolutions respecting issuance of Parity Bonds have been satisfied. No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

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.

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2007 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2007 A Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

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

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

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2007 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, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2007 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with 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 Series 2007 A Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 2007 A Bonds 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 Series 2007 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights. Prior to pursuing any remedy upon the occurrence of an Event of Default, the Purchaser must first provide the District with written notice of its intent to pursue a remedy. The notice must contain a description of the Event of Default and actions intended to be taken as a result of such default.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Series 2007 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 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2007 A Bonds are outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Recommended Decision of the Public Service Commission of West Virginia, entered on September 15, 2007, Case 06-0271-PWD-CD.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2007 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 with respect to the Series 2007 A Bonds, 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 2007 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2007 A Bonds, the Issuer may not defease the Series 2007 A Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2007 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2007 A Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and

shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State 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 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted this 22nd day of May, 2007.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT


Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of TAYLOR COUNTY PUBLIC SERVICE DISTRICT on the 22nd day of May, 2007.

Dated: May 24, 2007.

[SEAL]


Secretary

888140.00003

SPECIMEN

TAYLOR COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2007 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$1,061,000

No. AR-1

Date: May 24, 2007

FOR VALUE RECEIVED, TAYLOR COUNTY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION SIXTY ONE THOUSAND DOLLARS, (\$1,061,000), plus interest on the unpaid principal balance at the rate of 4.125 % per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 12 months after the date hereof, and \$4,786.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 36 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolutions and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted May 22, 2007, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(i) WATER REVENUE BONDS, SERIES 1996 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$350,000, AND DESCRIBED IN THE PRIOR RESOLUTIONS;

(ii) WATER REVENUE BONDS, SERIES 1996 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 1, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$129,000, AND DESCRIBED IN THE PRIOR RESOLUTIONS; AND

(iii) 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 AND DESCRIBED IN THE PRIOR RESOLUTIONS; AND

(iv) WATER REFUNDING REVENUE BONDS, SERIES 2005 A (BRANCH BANKING AND TRUST COMPANY), DATED MAY 16, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$870,000, AND DESCRIBED IN THE PRIOR RESOLUTIONS.

IN WITNESS WHEREOF, TAYLOR COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

TAYLOR COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By: *Ralph ...*
Its: Chairman, Public Service Board
Post Office Box 202
Grafton, West Virginia 26354

ATTEST:

By: *Edward ...*
Its: Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$80,300	May 24, 2007	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

322-427

DEED

THIS DEED, Made this 18th day of October, 2011, by and between the Haymond Public Service District, Grantor, and party of the first part, and the Taylor County Public Service District, Grantee, and party of the second part.

WITNESSETH:

That for and in consideration of the sum of Ten Dollars (\$10.00) and upwards, cash in hand paid by the said Grantee and party of the second part unto the said Grantor and party of the first part, the receipt of which is hereby acknowledged, the said Grantor, and party of the first part, does hereby grant and convey unto the said Grantee and party of the second part, Taylor County Public Service District, all of its right, title and interest, in and to all those certain lots or parcels of real estate, together with the improvements thereon and the appurtenances thereunto belonging, situate in Fetterman District, Taylor County, West Virginia, and being more particularly bounded and described as follows:

FIRST PARCEL: Beginning at a point located in the fence line between property of the Grantors herein and Ralph Sapp and running thence N. 40°20' W. 50 feet to a point in said fence line; thence N. 49°40' E. 50 feet to a point; thence S. 40°20' E. 50 feet to a point; thence S. 49°40' W. 50 feet to the place of beginning, containing 2500 square feet, more or less.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 7th day of May, 1985, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 206, at Page 187.

SECOND PARCEL: Beginning at a point in the fence line near the top of a hill, which fence is an interior fence on property owned by Berthold Goerlich, which point bears S. 8°5' W. 449' from the centerline intersection of an old farm road and a stone and dirt road used as an access to the property, which centerline intersection is 1253' E. of the centerline intersection of the stone and dirt access road and Secondary Route 119/8; thence with the interior fence, S. 5°15' W. 40.64' to a point in the fence line; thence S. 23°55' E. 64.00' to a point in the fence line; thence with a second interior fence, S. 67°40' W. 100.00' to a point in the fence line; thence leaving the fence, N. 22°20' W. 100.00' to a point; thence N. 67°40' E. 117.05' to the beginning, containing 10,219 square feet.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 21st day of July, 1986, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 209, at Page 41.

322-428

THIRD PARCEL: All that parcel of land situate along Taylor County Route 119/6, near the junction of Taylor County Route 26/2, on the waters of Cherry Run, as follows: Beginning at a 3/4" rebar (set), 15 west of the center of Taylor County Route 119/6, said rebar bears S. 1°23'00" W., a distance of 1161.07 feet, from a 3/4inch rebar, found, witnessed by a "T" post, on the westerly side of Taylor County Route 119/6, in the northern line of Gretta R. Jones (Tax Map 7, Parcel 15.3; Will Book 23, Page 564), the northeast corner of the herein described parcel; thence, with the westerly right-of-way line of the said Taylor County Route 119/6, S. 60°56'45" East, a distance of 27.00 feet, to a 3/4" rebar (set); thence, leaving said Taylor County Route 119/6 and with new lines through said Jones, S. 29°03'15" West, a distance of 24.00 feet, to a 3/4" rebar (set); thence, N. 60°56'45" West, a distance of 27.00 feet, to a 3/4" rebar (set); thence, N. 29°03'15" East, a distance of 24.00 feet, to the place of beginning and containing 648 square feet, more or less.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 23rd day of September, 2004, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 287, at Page 674.

FOURTH PARCEL: All that parcel of land situate along Oak Grove Road (Taylor County Route 28), at the junction of Dogwood Lane, as follows: Beginning at a 3/4" rebar (set), 15 feet south of the center of Oak Grove Road (Taylor County Route 28), said rebar bears S. 52°24'05" East, a distance of 58.52 feet, from a utility pole north of Oak Grove Road and east of Dogwood Lane, said rebar also bears N. 77°36'00" West, a distance of 16.33 feet, from another utility pole on the southerly side of said Oak Grove Road; thence, leaving said Oak Grove Road and with new lines Catherine M. Gelhausen (Tax Map 6-Parcel 81, Deed Book 273-Page 441), S. 26°39'05" East, a distance of 21.00 feet, to a 3/4" rebar (set); thence, S. 63°20'55" West, a distance of 27.00 feet, to a 3/4" rebar (set); thence, N. 26°39'05" West, a distance of 23.27 feet, to a 3/4" rebar (set), 15 feet south of the center of said Oak Grove Road; thence, with the southerly right-of-way line of said Oak Grove Road, N. 68°10'05" East, a distance of 27.10 feet, to the place of beginning and containing 598 square feet, more or less.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 23rd day of September, 2004, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 287, at Page 678.

FIFTH PARCEL: Approximately 2,900 feet from West Virginia Secondary Route 310 along the northern right-of-way of Taylor County Route 20/3 and being 20 feet from the centerline of Taylor County Route 20/3, thence N. 13°00' W. 25.00 feet; thence N. 77°00' E. 50 feet; thence S. 13°00' E. 25.00 feet to the northern edge of Taylor County Route 20/3 right-of-way; and thence with the said right-of-way, S. 77°00' W. 50.00 feet to the beginning, containing 1,250 square feet.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 2nd day of September, 1993, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 240, at Page 282.

SIXTH PARCEL: Beginning at a point 30 feet left of centerline plus 199+0, Project No. PWS 2197-856A, or WV Project No. 3570; thence with a line 30 feet from and parallel to centerline of U.S. Route 119, S. 55°34' W. 35.00 feet; thence leaving said Route and with a new line, N. 34°26' W. 42.31 feet to a point 30 feet from the centerline of the Wickwire Road or Secondary Route No. 26/3; thence with a line on a curve to the left and 30 feet south of said centerline of Wickwire Road with a radius of 985.37 feet for an arc

322.429

distance of 72.6 feet and a chord which bears N. 82°00' E. 72.59 feet to a point on the northern right-of-way line of U.S. Route 119, State Project No. 3570; thence with said right-of-way and 40 feet from centerline of U.S. Route 119, S. 55°34' W. 30.00 feet; thence S. 34°26' E. 10 feet to the place of beginning, containing 1400 square feet.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 19th day of September, 1985, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 208, at Page 567, and re-recorded in Deed Book 209, at Page 29.

SEVENTH PARCEL: Beginning at an iron rod in the southern right-of-way line of West Virginia Route 28, commonly known as the Oak Grove Road, which point is 15' from the centerline of the paved road and which bears S. 81°35'18" E. 320.13' from a 1/4" iron pipe property corner with R.O. Amos; thence S. 10°58" W. 25' to an iron rod; thence N. 79°02' W. 50' to an iron rod; thence N. 10°58' E. 25' to an iron rod in the southern right-of-way of West Virginia Route 28, which point bears N. 85°51'29" E. 385.44' from a 1/4" iron pipe which is a property corner to Floyd M. and Lorette M. Annon; thence with the southern boundary of West Virginia Route 28, S. 79°02' E. to the beginning, containing 1250 square feet.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 31st day of July, 1985, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 206, at Page 197, and re-recorded in Deed Book 209, at Page 23.

This conveyance is made subject to such exceptions, reservations, agreements, easements, rights of way and conditions, if any, contained in prior deeds of record in the chain of title to said real estate, or to such of the same as are now in full force and effect and legally enforceable.

The said Grantor hereby covenants to and with the said Grantee that it has good right and title to said property hereby conveyed and will warrant the same specially.

VERIFIED SALES LISTING

The real estate herein described and conveyed is entered upon the Land Books of Taylor County, West Virginia, for the year 2011, in Fetterman District, as follows:

Haymond Public Service District
Map 06, Parcel 35.1 (Ticket #: 15120)
Map 12, Parcel 20.2 (Ticket #: 15118)
Map 07, Parcel 15.6 (Ticket #: 15116)
Map 06, Parcel 81.1 (Ticket #: 15115)
Map 10, Parcel 20.1 (Ticket #: 15117)
Map 16, Parcel 20.2 (Ticket #: 15119)
Map 06, Parcel 75.2 (Ticket #: 15121)

The address of the new owner is:
Taylor County Public Service District
PO Box 202
Grafton, WV 26354

322-430

DECLARATION OF RESIDENCY

Under penalty of perjury, the Grantor declares and certifies that it is exempt from the tax withholding requirements of W.V. Code 11-21-71(b) because it is a resident of the State of West Virginia as defined by W.V. Code 11-21-71(b) and intends this declaration to satisfy the requirements thereof.

DECLARATION OF CONSIDERATION OF VALUE

The undersigned Grantor hereby declares that the said property conveyed by this document is being transferred without consideration, and reflects the merger of the Haymond Public Service District with the Taylor County Public Service District.

Witness the following signature:

HAYMOND PUBLIC SERVICE DISTRICT

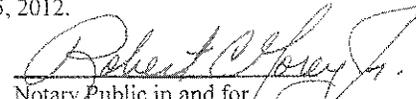
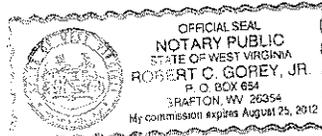


By Robert Knotts
Its President

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

The foregoing instrument was acknowledged before me this 7th day of November, 2011, by the Haymond Public Service District, by Robert Knotts, its President.

My Commission Expires: August 25, 2012.


Notary Public in and for
the State and County aforesaid

This instrument was prepared by:

ROBERT C. GOREY, JR.
WV State Bar #1442
P.O. Box 4
Grafton, WV 26354

NOTICE:

This instrument was prepared without examination of title or report. No opinion, express or implied, is given to the marketability or condition of title of the subject property, the quantity of lands included therein, the location of the boundaries thereof, the existence of liens, unpaid taxes and encumbrances, to the ownership of minerals and/or mineral rights and privileges, or any other matter pertaining to said title.

Katy Mallory

From: Crickenberger, Joe - RD, Elkins, WV [Joe.Crickenberger@wv.usda.gov]
Sent: Friday, October 07, 2011 2:53 PM
To: Katy Mallory
Subject: Taylor Co PSD merger

Katy,

On 7/28/11 Janna Lowery and I talked to you about the concerns we had with the local attorney work we received for the Taylor Co. PSD and Haymond PSD merger. During that conversation you agreed to work with Robert Gorey to get a few items completed and submitted to my office. Because of that conversation, Janna agreed to have the RUS documents for the merger signed on 7/29/11 as planned. Would you please let me know the status on the items listed below?

1. Signed and dated original Opinion of Counsel Relative to Rights-of-Way, (Form RD 442-22)
2. Final Title Opinion – Signed original with an attached legal description of all properties formerly owned by Haymond PSD that were being transferred to Taylor Co. PSD in the merger.
3. The quitclaim deed – the wording of the deed we had received seemed OK, but the Exhibit A legal description was not really what we wanted. We wanted the Exhibit A to have metes and bounds legal descriptions for each property formerly owned by Haymond PSD that was being transferred to Taylor Co. PSD in the merger by execution of the quitclaim deed. If this required a corrective deed to be executed and recorded, than that's what should have happened.

As we discussed before, we weren't sure what real estate Haymond PSD owned. If they didn't own any, I guess that would affect the list above. I appreciate any help you can offer on these items.

Joe Crickenberger
USDA Rural Development
Rural Utilities Service
1200 Harrison Avenue, Suite 150
Elkins, WV 26241
Phone: 304-636-2158
Fax: 304-636-5902
www.rurdev.usda.gov

"Committed to the future of rural communities"

"Estamos dedicados al futuro de las comunidades rurales"

ROBERT C GOREY

GRAFTON, WV 26354-

321-456

QUITCLAIM DEED

Georgianna Thompson
TAYLOR County 02:10:03 PM
Instrument No 2011010770
Date Recorded 07/29/2011
Document Type DE
Pages Recorded 5
Book-Page 321-456
Recording Fee \$11.00
Additional \$5.00

THIS QUITCLAIM DEED, made this 29th day of July, 2011, by and between

HAYMOND PUBLIC SERVICE DISTRICT (hereinafter sometimes referred to as “Haymond”), a public corporation and political subdivision of the State of West Virginia, party of the first part, and TAYLOR COUNTY PUBLIC SERVICE DISTRICT (hereinafter sometimes referred to as “Taylor County”), a public corporation and political subdivision of the State of West Virginia, party of the second part.

WHEREAS, Haymond adopted a resolution on July 11, 2011, ratifying the merger of Haymond into Taylor County, subject to Taylor County’s assumption of Haymond’s: (1) Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000, (2) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$1,310,000, and (3) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397 (collectively, the “Haymond Bonds”), the approval of the Public Service Commission of West Virginia and the approval of the bondholders of Haymond and Taylor County;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 09-0487-PWD-PC, by Recommended Decision dated July 29, 2009, which became a Final Order of the Public Service Commission of West Virginia on August 18, 2009, approved and ordered the merger of Haymond into Taylor County;

WHEREAS, the United States Department of Agriculture, acting through the Rural Utilities Service, as bondholder of certain Haymond Bonds and certain Taylor County

321-457

outstanding bonds, the West Virginia Water Development Authority, as bondholder of certain Haymond Bonds, and Branch Banking and Trust Company, as bondholder of certain Taylor County outstanding bonds, have approved the merger of Haymond into Taylor County and the assumption of the Haymond Bonds by Taylor County, and Haymond is hereby executing and delivering this Quitclaim Deed to evidence the transfer of all right, title and interest in and to any and all real estate and interests in real estate, together with all improvements situate thereon and the appurtenances thereunto belonging, owned by Haymond to Taylor County; and

WHEREAS, the property described herein was obtained or improved with Federal financial assistance and is subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and other similarly worded Federal statutes, and the regulations issued pursuant thereto that prohibit discrimination on the basis of race, color, national origin, handicap, religion, age, or sex in programs or activities receiving Federal financial assistance. Such provisions apply for as long as the property continues to be used for the same or similar purposes for which the Federal assistance was extended, for so long as the purchaser owns it, whichever is later.

NOW, THEREFORE, in consideration of said purchase of the premises herein and Ten and 00/100 Dollars (\$10.00), cash in hand paid, the receipt of which is hereby acknowledged, the party of the first part does hereby GRANT and CONVEY unto the party of the second part all of its right, title and interest in and to any and all real estate and interests in real estate, together with all improvements situate thereon and the appurtenances thereunto belonging, situate in Taylor County, West Virginia and Preston County, West Virginia, and more particularly bounded and described on Exhibit A.

321-458

This conveyance is made subject to all exceptions, reservations, restrictions, easements, conditions and rights-of-way contained or mentioned in prior instruments of record affecting the subject property.

The undersigned party of the first part hereby declares that this conveyance is not subject to the West Virginia Excise Tax on the privilege of transferring real property because it is a conveyance from a political subdivision of the State of West Virginia to another political subdivision of the State of West Virginia.

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321-459

IN WITNESS WHEREOF, Haymond Public Service District has hereto caused its corporate name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first hereinabove written.

HAYMOND PUBLIC SERVICE DISTRICT

[SEAL]

By Robert G. Knotts
Its Chairman

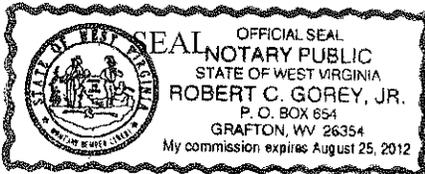
STATE OF WEST VIRGINIA,

COUNTY OF TAYLOR, TO-WIT:

I, Robert C. Gorey, Jr., a Notary Public in and for the County and State aforesaid, do certify that Robert G. Knotts, Chairman, who signed the writing hereto annexed, bearing date the 11th day of July, 2011, for HAYMOND PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 11th day of July, 2011.

My commission expires August 25, 2012.



Robert C. Gorey, Jr.
Notary Public

This document prepared by:
John C. Stump, Esquire
STEPTOE & JOHNSON PLLC
Post Office Box 1588
Charleston, West Virginia 25326
(304) 353-8000

321-460

EXHIBIT A
LEGAL DESCRIPTION

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63 degrees 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59 degrees W. 1.33 miles to a point; thence S. 85 degrees W. 0.58 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.51 miles to a point; thence S. 74 degrees 10' W. 0.58 miles to a point; thence S. 10 degrees 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68 degrees 30' W. 0.49 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 3.5 miles to a point; thence N. 34 degrees 20' E. 1.33 miles to a point; thence N. 58 degrees E. 4.55 miles to the beginning containing 38.23 square miles in area.

10-481

Georgianna Thompson
TAYLOR County 02:27:03 PM
Instrument No 2011010773
Date Recorded 07/29/2011
Document Type MIS
Pages Recorded 5
Book-Page 10-481
Recording Fee \$5.00
Additional \$6.00

**BILL OF SALE OF
HAYMOND PUBLIC SERVICE DISTRICT**

THIS BILL OF SALE, made this 29th day of July, 2011, by and between HAYMOND PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the “Seller” or “Haymond”, and TAYLOR COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the “Purchaser” or “Taylor County”;

WHEREAS, Haymond adopted a resolution on July 11, 2011, ratifying the merger of Haymond into Taylor County, subject to Taylor County’s assumption of Haymond’s: (1) Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000, (2) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$1,310,000, and (3) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397 (collectively, the “Haymond Bonds”), the approval of the Public Service Commission of West Virginia and the approval of the bondholders of Haymond and Taylor County;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 09-0487-PWD-PC, by Recommended Decision dated July 29, 2009, which became a Final Order of the Public Service Commission of West Virginia on August 18, 2009, approved and ordered the merger of Haymond into Taylor County;

10-482

WHEREAS, the United States Department of Agriculture, acting through the Rural Utilities Service, as bondholder of certain Haymond Bonds and certain Taylor County outstanding bonds, the West Virginia Water Development Authority, as bondholder of certain Haymond Bonds, and Branch Banking and Trust Company, as bondholder of certain Taylor County outstanding bonds, have approved the merger of Haymond into Taylor County and the assumption of the Haymond Bonds by Taylor County, and Haymond is hereby executing and delivering this Bill of Sale to evidence the transfer of all right, title and interest in and to any and all personal property, tangible or intangible, and interests in personal property owned by Haymond to Taylor County; and

WHEREAS, the property described in Exhibit A herein was obtained or improved with Federal financial assistance and is subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and other similarly worded Federal statutes, and the regulations issued pursuant thereto that prohibit discrimination on the basis of race, color, national origin, handicap, religion, age, or sex in programs or activities receiving Federal financial assistance. Such provisions apply for as long as the property continues to be used for the same or similar purposes for which the Federal assistance was extended, for so long as the purchaser owns it, whichever is later.

WITNESSETH, that for the sum of Ten and 00/100 Dollars (\$10.00), cash in hand paid by the Purchaser to the Seller, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Seller does hereby sell, assign, transfer, set over and deliver to Purchaser all personal property, including, but not limited to, all inventory, accounts receivable, deposit accounts, certificates of deposit, other evidences of

10-483

indebtedness of a third party to the Seller, claims, causes of action, agreements, including, but not limited to, any indemnification agreements, contracts, equipment, supplies, vehicles, furniture, fixtures, furnishings, improvements, and any other tangible or intangible personal property, and any interest in personal property owned by the Seller, wherever located and of whatever nature.

The Seller shall deliver possession of the aforesaid personal property to Purchaser on the date of this Bill of Sale.

[Remainder of Page Intentionally Blank]

10-484

IN WITNESS WHEREOF, Haymond Public Service District has hereto caused its corporate name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first hereinabove written.

HAYMOND PUBLIC SERVICE DISTRICT

[SEAL]

By Robert G. Knott
Its Chairman

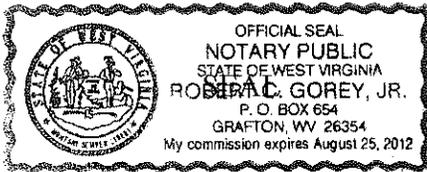
STATE OF WEST VIRGINIA,

COUNTY OF TAYLOR, TO-WIT:

I, Robert C. Gorey, Jr., a Notary Public in and for the County and State aforesaid, do certify that Robert G. Knott's Chairman, who signed the writing hereto annexed, bearing date the 11th day of July, 2011, for HAYMOND PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 11th day of July, 2011.

My commission expires August 25, 2012.



Robert C. Gorey, Jr.
Notary Public

This document prepared by:
John C. Stump, Esquire
STEP TOE & JOHNSON PLLC
Post Office Box 1588
Charleston, West Virginia 25326
(304) 353-8000

10-485

EXHIBIT A

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63 degrees 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59 degrees W. 1.33 miles to a point; thence S. 85 degrees W. 0.58 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.51 miles to a point; thence S. 74 degrees 10' W. 0.58 miles to a point; thence S. 10 degrees 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68 degrees 30' W. 0.49 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 3.5 miles to a point; thence N. 34 degrees 20' E. 1.33 miles to a point; thence N. 58 degrees E. 4.55 miles to the beginning containing 38.23 square miles in area.

ROBERT C GOREY

GRAFTON, WV 26354-

321-461

Georgianna Thompson
TAYLOR County 02:17:28 PM
Instrument No 2011010771
Date Recorded 07/29/2011
Document Type ROW
Pages Recorded 5
Book-Page 321-461
Recording Fee \$5.00
Additional \$6.00

**ASSIGNMENT OF RIGHTS OF WAY AND EASEMENTS OF
HAYMOND PUBLIC SERVICE DISTRICT**

THIS ASSIGNMENT OF RIGHTS OF WAY AND EASEMENTS, made as of this 29th day of July, 2011, by and between HAYMOND PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the “Assignor” or “Haymond”, and TAYLOR COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the “Assignee” or “Taylor County”;

WHEREAS, Haymond adopted a resolution on July 11, 2011, ratifying the merger of Haymond into Taylor County, subject to Taylor County’s assumption of Haymond’s: (1) Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000, (2) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$1,310,000, and (3) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397 (collectively, the “Haymond Bonds”), the approval of the Public Service Commission of West Virginia and the approval of the bondholders of Haymond and Taylor County;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 09-0487-PWD-PC, by Recommended Decision dated July 29, 2009, which became a Final Order of

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the Public Service Commission of West Virginia on August 18, 2009, approved and ordered the merger of Haymond into Taylor County;

WHEREAS, the United States Department of Agriculture, acting through the Rural Utilities Service, as bondholder of certain Haymond Bonds and certain Taylor County outstanding bonds, the West Virginia Water Development Authority, as bondholder of certain Haymond Bonds, and Branch Banking and Trust Company, as bondholder of certain Taylor County outstanding bonds, have approved the merger of Haymond into Taylor County and the assumption of the Haymond Bonds by Taylor County, and Haymond is hereby executing and delivering this Assignment of Rights of Way and Easements to evidence the transfer of all right, title and interest in and to any and all rights of way and easements owned by, or reserved to, Haymond to Taylor County; and

WHEREAS, the property described in Exhibit A herein was obtained or improved with Federal financial assistance and is subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and other similarly worded Federal statutes, and the regulations issued pursuant thereto that prohibit discrimination on the basis of race, color, national origin, handicap, religion, age, or sex in programs or activities receiving Federal financial assistance. Such provisions apply for as long as the property continues to be used for the same or similar purposes for which the Federal assistance was extended, for so long as the purchaser owns it, whichever is later.

WITNESSETH, that for the sum of Ten and 00/100 Dollars (\$10.00), cash in hand paid by the Assignee to the Assignor, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Assignor does hereby grant, sell,

321-463

bargain, assign, transfer, set over, deliver and convey to Assignee all of its right, title and interest in and to any and all rights of way and easements, together with all appurtenant improvements, rights, and privileges, owned by, or reserved to, Haymond. The intent of this conveyance is to convey to Assignee any and all Rights of Way and Easements which Assignor may have, whether or not documents conveying the same to Assignor have been recorded in the Office of the Clerk of the County Commission of Preston County, West Virginia and/or the Office of the Clerk of the County Commission of Taylor County, West Virginia.

Pursuant to the provision of the West Virginia Code § 11-22-1, Assignor declares that this conveyance is not subject to the excise tax on the privilege of transferring real property as the transfer is from a political subdivision of the State of West Virginia.

[Remainder of Page Intentionally Left Blank]

321-464

IN WITNESS WHEREOF, Haymond Public Service District has hereto caused its corporate name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first hereinabove written.

HAYMOND PUBLIC SERVICE DISTRICT

[SEAL]

By Robert G. Knotts
Its Chairman

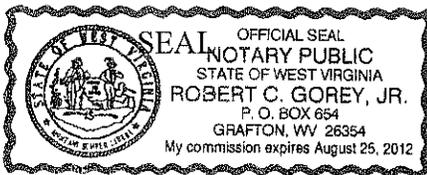
STATE OF WEST VIRGINIA,

COUNTY OF TAYLOR, TO-WIT:

I, Robert C. Gorey, Jr., a Notary Public in and for the County and State aforesaid, do certify that Robert G. Knotts, Chairman, who signed the writing hereto annexed, bearing date the 11th day of July, 2011, for HAYMOND PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 11th day of July, 2011.

My commission expires August 25, 2012.



Robert C. Gorey, Jr.
Notary Public

This document prepared by:
John C. Stump, Esquire
STEPTOE & JOHNSON PLLC
Post Office Box 1588
Charleston, West Virginia 25326
(304) 353-8000

321-465

EXHIBIT A

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63 degrees 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59 degrees W. 1.33 miles to a point; thence S. 85 degrees W. 0.58 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.51 miles to a point; thence S. 74 degrees 10' W. 0.58 miles to a point; thence S. 10 degrees 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68 degrees 30' W. 0.49 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 3.5 miles to a point; thence N. 34 degrees 20' E. 1.33 miles to a point; thence N. 58 degrees E. 4.55 miles to the beginning containing 38.23 square miles in area.

ROBERT C GOREY

GRAFTON, WV 26354-

10-477

Georgianna Thompson
TAYLOR County 02:19:55 PM
Instrument No 2011010772
Date Recorded 07/29/2011
Document Type MIS
Pages Recorded 4
Book-Page 10-477
Recording Fee \$5.00
Additional \$6.00

**ASSIGNMENT OF JUDGMENTS OF
HAYMOND PUBLIC SERVICE DISTRICT**

THIS ASSIGNMENT OF JUDGMENTS, made this 29th day of July, 2011, by and between HAYMOND PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the “Assignor” or “Haymond”, and TAYLOR COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the “Assignee” or “Taylor County”;

WHEREAS, Haymond adopted a resolution on July 11, 2011, ratifying the merger of Haymond into Taylor County, subject to Taylor County’s assumption of Haymond’s: (1) Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000, (2) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$1,310,000, and (3) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397 (collectively, the “Haymond Bonds”), the approval of the Public Service Commission of West Virginia and the approval of the bondholders of Haymond and Taylor County;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 09-0487-PWD-PC, by Recommended Decision dated July 29, 2009, which became a Final Order of the Public Service Commission of West Virginia on August 18, 2009, approved and ordered the merger of Haymond into Taylor County;

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WHEREAS, the United States Department of Agriculture, acting through the Rural Utilities Service, as bondholder of certain Haymond Bonds and certain Taylor County outstanding bonds, the West Virginia Water Development Authority, as bondholder of certain Haymond Bonds, and Branch Banking and Trust Company, as bondholder of certain Taylor County outstanding bonds, have approved the merger of Haymond into Taylor County and the assumption of the Haymond Bonds by Taylor County, and Haymond is hereby executing and delivering this Assignment of Judgments to evidence the transfer of all right, title and interest in and to any and all judgments obtained in the course of collecting debts due Haymond to Taylor County; and

WHEREAS, the property described in Exhibit A herein was obtained or improved with Federal financial assistance and is subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and other similarly worded Federal statutes, and the regulations issued pursuant thereto that prohibit discrimination on the basis of race, color, national origin, handicap, religion, age, or sex in programs or activities receiving Federal financial assistance. Such provisions apply for as long as the property continues to be used for the same or similar purposes for which the Federal assistance was extended, for so long as the purchaser owns it, whichever is later.

WITNESSETH, that for the sum of Ten and 00/100 Dollars (\$10.00), cash in hand paid by the Assignee to the Assignor, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Assignor does hereby assign, transfer, set over and deliver to Assignee all of its right, title and interest in and to any and all judgments obtained in the course of collecting debts due Haymond.

10-479

IN WITNESS WHEREOF, Haymond Public Service District has hereto caused its corporate name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first hereinabove written.

HAYMOND PUBLIC SERVICE DISTRICT

[SEAL]

By Robert E. Knotts
Its Chairman

STATE OF WEST VIRGINIA,

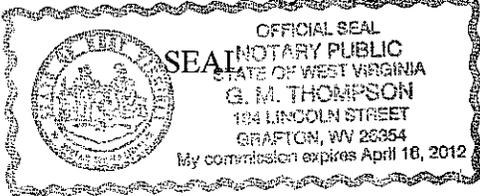
COUNTY OF TAYLOR, TO-WIT:

I, G. M. Thompson, a Notary Public in and for the County and State aforesaid, do certify that Robert E. Knotts, Chairman, who signed the writing hereto annexed, bearing date the 29th day of July, 2011, for HAYMOND PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 29th day of July, 2011.

My commission expires _____

April 16, 2012
G. M. Thompson
Notary Public



This document prepared by:
John C. Stump, Esquire
STEPTOE & JOHNSON PLLC
Post Office Box 1588
Charleston, West Virginia 25326
(304) 353-8000

10-480

EXHIBIT A

Beginning at the common boundary point with Taylor, Marion and Monongalia Counties; thence with the Monongalia-Taylor County Line S. 63 degrees 40' E. 2.64 miles to the Preston County line; thence with the Preston-Taylor County Line S. 0 degrees 30' W. 2.41 miles to the centerline of Three-Fork Creek; thence leaving the Taylor-Preston County Line and with the centerline of the Three-Fork Creek 4.36 miles in a southwesterly direction to a point; thence leaving the Creek and with two lines of the Thornton Public Service District Boundary S. 59 degrees W. 1.33 miles to a point; thence S. 85 degrees W. 0.58 miles to a point; thence leaving the Thornton Public Service District Boundary N. 37 degrees 20' W. 1.51 miles to a point; thence S. 74 degrees 10' W. 0.58 miles to a point; thence S. 10 degrees 30' W. 0.51 miles to a point on the Grafton City Corporation Boundary; thence in a westerly direction with the corporation line 0.42 miles to a point; thence leaving the Grafton Corporation Boundary Line 2.99 miles with the ridge line in a northwestern direction to a point; thence leaving the ridge line N. 68 degrees 30' W. 0.49 miles to a point; thence N. 22 degrees 30' W. 0.17 miles to a point in the middle of the Tygart Valley River; thence down river with the center line 3.26 miles to the Marion County line; thence leaving the river and with three lines of the Marion-Taylor County Boundary Line N. 72 degrees 45' E. 3.5 miles to a point; thence N. 34 degrees 20' E. 1.33 miles to a point; thence N. 58 degrees E. 4.55 miles to the beginning containing 38.23 square miles in area.



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

Writer's Contact Information

July 29, 2011

The Merger and Assumption of Debt by and between
Haymond Public Service District and Taylor County Public Service District

Taylor County Public Service District
Grafton, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

West Virginia Municipal Bond Commission
Charleston, west Virginia

Ladies and Gentlemen:

We have acted as bond counsel in connection with (i) the merger of Haymond Public Service District ("Haymond") into Taylor County Public Service District ("Taylor County"), in Preston County and Taylor County, West Virginia, and (ii) the assumption and re-designation by Taylor County of the following obligations of Haymond: (a) Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000 (the "Series 1986 Bonds"), (b) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$1,310,000 (the "Series 2004 A Bonds"), and (c) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397 (the "Series 2004 B Bonds") (collectively, the "Haymond Bonds"), all issued pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act").

We have examined the applicable provisions of the Act, the orders of The County Commission of Preston County (the "Preston County Commission") proposing and ordering the dissolution of Haymond and the expansion of the service territory of Taylor County duly adopted on February 9, 2009 and March 30, 2009, the orders of The County Commission of Taylor County (the "Taylor County Commission") proposing and ordering the dissolution of Haymond and the expansion of the service territory of Taylor County duly adopted on February 2, 2009 and March 19, 2009, the resolution of Haymond ratifying its merger into Taylor County duly adopted on July 11, 2011, and the resolution of Taylor County ratifying the merger of Haymond into it duly adopted on July 11, 2011

(collectively the "Resolutions"), pursuant to and under which Act and Resolutions Haymond is being merged into Taylor County (the "Merger"), and the Haymond Bonds are assumed and re-designated by Taylor County.

As to questions of fact material to our opinion, we have relied upon the representations of the Preston County Commission, the Taylor County Commission, Haymond and Taylor County, contained in the Resolutions 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, and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

1. The Preston County Commission, the Taylor County Commission, Taylor County and Haymond have duly adopted all necessary resolutions and orders in connection with the Merger, and the assumption of the Haymond Bonds.

2. The merger of Haymond into Taylor County has been duly authorized by Haymond. As of the date hereof, Taylor County holds valid title to all assets, including, but not limited to, real and personal property, formerly of Haymond.

3. Taylor County has assumed all obligations, including all covenants, rights, loan agreements, and responsibility for the payment of the principal of, interest on and debt service reserve for the Haymond Bonds, solely from the net revenues of the waterworks system of Taylor County.

4. The Series 1986 Bonds have been re-designated by Taylor County as follows:

Taylor County Public Service District Water Revenue Bonds, Series 1986 (United States Department of Agriculture) (formerly Haymond Public Service District Water Revenue Bonds, Series 1986 (United States Department of Agriculture)).

5. The Series 2004 A Bonds have been re-designated by Taylor County as follows:

Taylor County Public Service District Water Revenue Bonds, Series 2004 A-2 (West Virginia Infrastructure Fund) (formerly Haymond Public Service District Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund))

6. The Series 2004 B Bonds have been re-designated by Taylor County as follows:

Taylor County Public Service District Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund) (formerly Haymond Public Service District Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund)).

7. The Haymond Bonds are legally binding obligations of Taylor County and are secured by a first lien on and pledge of the net revenues of the waterworks system of Taylor County, on a parity with respect to liens, pledge and source of and security for payment with one another and with Taylor County's: (1) Water Revenue Bonds, Series 1996 A (United States Department of Agriculture),

Taylor County Public Service District, *et al.*

July 29, 2011

Page 3

dated February 1, 1996, issued in the original aggregate principal amount of \$350,000, (2) Water Revenue Bonds, Series 1996 B (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$129,000, (3) 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, (4) Water Refunding Revenue Bonds, Series 2005 A (Branch Banking and Trust Company), dated May 16, 2005, issued in the original aggregate principal amount of \$870,000, and (5) Water Revenue Bonds, Series 2007 A (United States Department of Agriculture), dated May 24, 2007, issued in the original aggregate principal amount of \$1,061,000.

8. Taylor County has reserved the right to issue additional bonds ranking on a parity with the Haymond Bonds, payable solely from the net revenues of the waterworks system of Taylor County.

Very truly yours,



STEPTOE & JOHNSON PLLC

888140.00005

ROBERT C. GOREY, JR.

Attorney at Law
West Virginia State Bar #1442
P. O. Box 4
Grafton, WV 26354
(304) 265-3938
bobgorey@yahoo.com

July 29, 2011

Merger and Assumption of Debt by and between
Haymond Public Service District and Taylor County Public Service District

Taylor County Public Service District
Grafton, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

I have acted as counsel to Taylor County Public Service District ("Taylor County") and Haymond Public Service District ("Haymond") in connection with the merger of Haymond into Taylor County, the assumption and re-designation by Taylor County of the following obligations of Haymond: (a) Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000, (b) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$1,310,000, and (c) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397 (collectively, the "Haymond Bonds"), all issued pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act").

I have examined the applicable provisions of the Act, the orders of The County Commission of Preston County (the "Preston County Commission") proposing and ordering the dissolution of Haymond and the expansion of the service territory of Taylor County duly adopted on February 9, 2009 and March 30, 2009, the orders of The County Commission of Taylor County (the "Taylor County Commission") proposing and ordering the dissolution of Haymond and the expansion of the service territory of Taylor County duly adopted on February 2, 2009 and March 19, 2009, the resolution of Haymond ratifying its merger into Taylor County duly adopted on July ____, 2011, and the resolution of Taylor County ratifying the merger of Haymond into it duly adopted on July 11, 2011 (collectively the "Resolutions"), pursuant to and under which Act and Resolutions Haymond is being merged into Taylor County (the "Merger"), and the Haymond Bonds are assumed and re-designated by Taylor County.

Based upon the foregoing, and upon my examination of such other documents, instruments and certificates as I have deemed necessary, I am of the opinion, under existing law, as follows:

1. Taylor County is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia, with corporate power to merge with Haymond, to assume the Haymond Bonds and to operate and maintain the waterworks systems, all under the Act and other applicable provisions of law. The members and officers of the Public Service Board of Taylor County have been duly and properly appointed and elected, have taken the requisite oaths and were, as of the date of their official actions, authorized to act on behalf of Taylor County in their respective capacities.

2. The Resolution of Taylor County has been duly adopted by the Public Service Board of the district and is in full force and effect.

3. Haymond is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia, with corporate power to merge with Taylor County and to assign the Haymond Bonds, all under the Act and other applicable provisions of law. The members and officers of the Public Service Board of Haymond have been duly and properly appointed and elected, have taken the requisite oaths and were, as of the date of their official actions, authorized to act on behalf of Haymond in their respective capacities.

4. The Resolutions of Haymond have been duly adopted by the Public Service Board of the district and are in full force and effect.

5. To the best of my knowledge, the consummation of the transactions contemplated by the Resolutions 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 Taylor County, a breach of or default under any resolution, agreement or other instrument to which Taylor County is a party or any existing law, regulation, court order or consent decree to which Taylor County is subject.

6. To the best of my knowledge, the consummation of the transactions contemplated by the Resolutions 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 Haymond, a breach of or default under any resolution, agreement or other instrument to which Haymond is a party or any existing law, regulation, court order or consent decree to which Haymond is subject.

7. Taylor County, Haymond, the Preston County Commission and the Taylor County Commission have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the Merger, and the assumption of the Haymond Bonds by Taylor County, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia. Taylor County, Haymond, the Preston County Commission and the Taylor County Commission have received the Recommended Decision date July 29, 2009, which became a Final Order of the Public Service Commission of West Virginia on August 18, 2009, in Case No. 09-0487-PWD-PC, approving the Merger.

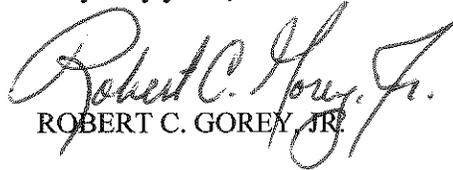
8. To the best of my knowledge, there is no litigation action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transaction contemplated by the Resolutions, the Merger, and the assumption and re-designation of the Haymond Bonds by Taylor County, the

Taylor County Public Service District, *et al.*
July 29, 2011
Page 3

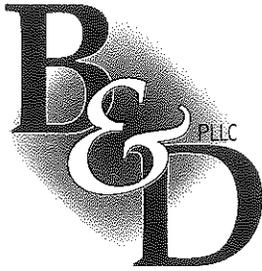
operation of the waterworks systems, the collection of the gross revenues of Taylor County or the pledge of the net revenues of Taylor County for the payment of the Haymond Bonds.

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

Very truly yours,


ROBERT C. GOREY, JR.

888140.00005



Bennett & Dobbins PLLC

CERTIFIED PUBLIC ACCOUNTANTS

317 Cleveland Avenue
Fairmont, WV 26554-1604
Telephone: (304) 366-4295 Fax: (304) 366-4311

GARY K. BENNETT, MBA-CPA
ZACHARY D. DOBBINS, CPA

July 29, 2011

Taylor County Public Service District
Grafton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Branch Banking and Trust Company
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentleman:

The Public Service Commission of West Virginia ("PSC") in Case No. 09-0487-PWD-PC, by Recommended Decision entered July 29, 2009, which became a Final Order on August 18, 2009, approved the merger of Haymond Public Service District ("Haymond") into Taylor County Public Service District ("Taylor County") (the "Merger"), contingent upon written bondholder approval from all bondholders of both Haymond and Taylor County and the Taylor County file a rate case eighteen (18) months after the Merger has been effectuated.

Based upon the water rates and charges for Taylor County set forth in the Recommended Decision entered July 30, 2008, which became a Final Order of the PSC on August 19, 2008, in Case No. 08-0277-PWD-19A and the water rates and charges for Haymond set forth in the Recommended Decision dated June 24, 2009, which became a Final Order of the PSC on July 14, 2009, in Case No. 09-0081-PWD-19A, the projected operating expenses and the anticipated customer usage as furnished to us by Taylor County and Haymond, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks systems of Taylor County after the Merger (collectively the "System"), will pay all operating expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the existing Taylor County water revenue bond, including its: (i) Water Revenue Bonds, Series 1996 A (United States Department of Agriculture), dated February 1, 1996, issued in the original aggregate principal amount of \$350,000; (ii) Water Revenue Bonds, Series 1996 B (United States Department of Agriculture), dated February 1, 1996, issued in the original

aggregate principal amount of \$129,000; (iii) 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; (iv) Water Refunding Revenue Bonds, Series 2005 A (Branch Banking and Trust Company), dated May 16, 2005, issued in the original aggregate principal amount \$870,000; and (v) Water Revenue Bonds, Series 2007 A (United States Department of Agriculture), dated May 24, 2007, issued in the original aggregate principal amount of \$1,061,000; and the existing Haymond water revenue bonds including its: (i) Water Revenue Bonds, Series 1986 (United States Department of Agriculture), dated November 20, 1986, issued in the original aggregate principal amount of \$200,000; (ii) Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2001, issued in the original aggregate principal amount of \$1,310,000; and (iii) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004, issued in the original aggregate principal amount of \$378,397 (collectively, the "Bonds").

It is my further opinion that the net revenues actually derived from the Water System (i) for the fiscal year following the Merger will be at least 120% of the average annual debt service requirements on the Bonds, and (ii) during any 12 consecutive months, within the 18 months immediately preceding the date of the Merger plus the estimated average increased annual net revenues to be received in each of the 3 succeeding years after the Merger 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, if any, on the bonds.

In addition, respective reserve accounts for the Bonds are funded in accordance with the Bond Resolutions.

Sincerely,

Bennett & Dobbins PLLC

Bennett & Dobbins PLLC

WV MUNICIPAL BOND COMMISSION

1207 Quarrier Street
 Suite 401
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 29-Jul-11

ISSUE: Taylor County Public Service District Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund) (formerly Haymond Public Service District Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund))

ADDRESS: PO Box 202, Grafton, West Virginia 26354 COUNTY: Taylor

PURPOSE OF ISSUE:

New Money: _____
 Refunding: _____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: _____

CLOSING DATE: _____

ISSUE AMOUNT: _____

RATE: %

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT N/A

PAYING AGENT: Issuer

BOND COUNSEL:

Firm: Stephoe & Johnson PLLC
 Contact: John Stump, Esquire
 Phone: (304) 353.8196

UNDERWRITERS COUNSEL

Firm: _____
 Contact: _____
 Phone: _____

CLOSING BANK:

Bank: N/A
 Contact: _____
 Phone: _____

ESCROW TRUSTEE:

Firm: _____
 Contact: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact: Robert Knotts
 Position: Chairman
 Phone: (304) 265-2323

OTHER:

Agency: _____
 Contact: _____
 Position: _____
 Phone: _____

DEPOSITS TO MBC AT CLOSE

By: _____ Wire	Accrued Interest:	\$ _____
_____ Check	Capitalized Interest:	\$ _____
	Reserve Account:	\$ _____
	Other:	\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire	To Escrow Trustee	\$ _____
_____ Check	To Issuer	\$ _____
_____ IGT	To Cons. Invest. Fund	\$ _____
	To Other: _____	\$ _____

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
 TRANSFERS REQUIRED: _____



Katy Malloy

United States Department of Agriculture
Rural Development
West Virginia State Office

July 6, 2010

Robert G. Knotts, Chairman
Taylor County Public Service District
P.O. Box 202
Grafton, WV 26354

COPY

Dear Mr. Knotts:

This letter with attachments 1 through 3 establishes conditions which must be understood and agreed to by you before further consideration may be given to your request for USDA Rural Development's approval of your merger with the Haymond Public Service District. Any significant changes in the merger proposal or participants must be reported to and approved by Rural Development (RD) by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of this request.

Extra copies of this letter are being provided for use by your legal counsel and the Haymond Public Service District. Enclosed are the following:

- Attachment No. 1 – Consolidation/Merger Processing Checklist
- Attachment No. 2 – RD Instruction 1782-1, Sections 1782.13 and 1782.15
- Attachment No. 3 – Various other RD forms as identified on Attachment No. 1

The conditions referred to above are as follows:

1. Security – The merger must not adversely affect Rural Development's security position or the RD program in the area. Therefore, upon completion of the consolidation/merger, the RD loans must be secured by a statutory lien, a pledge of the system's revenues and other agreements set forth in the original bond resolutions that are of equal priority with the existing liens RD presently holds separately with each entity.
2. Facility Control – Prior to approving the consolidation/merger we must receive satisfactory evidence that the Taylor County Public Service District has or can obtain adequate continuous and valid control over the assets of the Haymond Public Service District. Such evidence must be in the following form:
 - a. A copy of all necessary documents of transfer or conveyance from the Haymond Public Service District. Each document must be in conformance with West Virginia State Law and contain the following covenant:

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,
Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

"The property described herein was obtained or improved with Federal financial assistance and is subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and other similarly worded Federal statutes, and the regulations issued pursuant thereto that prohibit discrimination on the basis of race, color, national origin, handicap, religion, age, or sex in programs or activities receiving Federal financial assistance. Such provisions apply for as long as the property continues to be used for the same or similar purposes for which the Federal assistance was extended, for so long as the purchaser owns it, whichever is later."

cc's

1992 Dec. Bill's

- b. A narrative opinion from your attorney outlining the status of all approvals, certifications, and other items necessary to comply with all legal requirements pertaining to the proposed consolidation/merger. Any outstanding issues must be identified and comments provided relative to how they will be met.
- c. Upon final approval of the consolidation/merger by Rural Development, the District and their legal counsel must furnish a certification and legal opinion relative to title to land, right-of-ways, and easements being acquired. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," and Form RD 1927-10, "Final Title Opinion," must be used. Form RD 442-22 must not provide for any exceptions.

Gorey

3. The Taylor County Public Service District must agree in writing to assume all rights and obligations of the Haymond Public Service District in connection with the Rural Development grant and the Appalachian Regional Commission grants previously received by the District. These obligations are outlined in the following grant agreements (copies attached) between the Haymond Public Service District and Rural Development (formerly Farmers Home Administration):

Adt

✓ Form FmHA 1942-31, "Association Water or Sewer System Grant Agreement," dated November 20, 1986.

✓ Form FmHA 1942-31, "Association Water or Sewer System Grant Agreement," dated November 20, 1986. (Separate agreement for Appalachian Regional Commission grants)

4. Approvals – Copies of all approvals needed for the merger must be provided for review by RD. Such approvals will include but are not limited to the following:

- Taylor County Public Service District
- Haymond Public Service District
- ✓ Taylor County Commission
- ✓ Preston County Commission
- ✓ West Virginia Public Service Commission

5. Insurance and Bonding Requirements:

a. Prior to closing the merger, you must acquire the following insurance and bond coverage:

- (1) Liability Insurance – Personal Liability - \$500,000; Property Damage - \$200,000 – \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RD recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
 - (2) Workers' Compensation – In accordance with appropriate State laws.
 - (3) Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RD will be for each position to be bonded for an amount at least equal to one annual installment on you loan(s). Form RD 440-24, "Position Fidelity Bond," may be used.
 - (4) National Flood Insurance – In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for acquisition in designated special flood or mudslide prone areas:
 - (a) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
 - (b) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.
 - (5) Real Property Insurance – You must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.
- ✓ 6. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
- Form RD 400-4 – "Assurance Agreement"
 Form RD 1910-11 – "Applicant Certification, Federal Collection Policies"
 Form RD 1942-46 – "Letter of Intent to Meet Conditions"
- ✓ 7. The enclosed Consolidation/Merger Processing Checklist (Attachment No. 1) outlines the items needed to complete the merger docket. All the items must be included in the merger docket when it is forwarded to the RD State Office with a request for closing instructions to be issued.
- ✓ 8. When the items required by Number 7 have been received by the RD State Office, they will be included in the merger docket. If all parties then agree adequate funds are available to cover the total merger costs, and that all the administrative conditions of merger approval

have been satisfied, closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the merger can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the closing will be scheduled.

9. Rural Development strongly urges that all existing RD loans utilize the Pre-Authorized Debit (PAD) system for loan repayment. This system allows for your loan payment(s) to be electronically debited from your account on the day your payment is due.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the merger has not advanced to the point of closing within the six-month period and it is determined the District still wishes to proceed, it will be necessary that the proposed merger be reviewed again in detail. If, during that review, it is determined the proposal is no longer current and/or adequate, RD reserves the right to require that it be revised.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,



BOBBY LEWIS
State Director

cc: Joe, Crickenberger, Area Specialist
USDA Rural Development
Elkins, WV

Haymond Public Service District
P.O. Box 412
Grafton, WV 26354

Katy Mallory, Project Finance Manager
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

Robert C. Gorey, Attorney at Law
P.O. Box 4
Grafton, WV 26354

Bennett & Dobbins, CPAs
317 Cleveland Avenue
Fairmont, WV 26554

USDA
Form RD 400-4
(Rev. 06-10)

ASSURANCE AGREEMENT
(Under Title VI, Civil Rights Act of 1964)

FORM APPROVED
OMB No. 0575-0018
OMB No. 0570-0062

The Taylor County Public Service District

(name of recipient)

P.O. Box 202, Grafton, West Virginia 26354

(address)

("Recipient" herein) hereby assures the U. S. Department of Agriculture that Recipient is in compliance with and will continue to comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d et. seq.), 7 CFR Part 15, and Rural Housing Service, Rural Business-Cooperative Service, Rural Utilities Service, Risk Management Agency, or the Farm Service Agency, (hereafter known as the "Agency") regulations promulgated thereunder, 7 C.F.R. § 1901.202. In accordance with that Act and the regulations referred to above, Recipient agrees that in connection with any program or activity for which Recipient receives Federal financial assistance (as such term is defined in 7 C.F.R. § 15.2) no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination.

1. Recipient agrees that any transfer of any aided facility, other than personal property, by sale, lease or other conveyance of contract, shall be, and shall be made expressly, subject to the obligations of this agreement and transferee's assumption thereof.
2. Recipient shall:
 - (a) Keep such records and submit to the Government such timely, complete, and accurate information as the Government may determine to be necessary to ascertain our/my compliance with this agreement and the regulations.
 - (b) Permit access by authorized employees of the Agency or the U.S. Department of Agriculture during normal business hours to such books, records, accounts and other sources of information and its facilities as may be pertinent to ascertaining such compliance.
 - (c) Make available to users, participants, beneficiaries and other interested persons such information regarding the provisions of this agreement and the regulations, and in such manner as the Agency or the U. S. Department of Agriculture finds necessary to inform such persons of the protection assured them against discrimination.
3. The obligations of this agreement shall continue:
 - (a) As to any real property, including any structure, acquired or improved with the aid of the Federal financial assistance, so long as such real property is used for the purpose for which the Federal financial assistance is made or for another purpose which affords similar services or benefits, or for as long as the Recipient retains ownership or possession of the property, whichever is longer.
 - (b) As to any personal property acquired or improved with the aid of the Federal financial assistance, so long as Recipient retains ownership or possession of the property.
 - (c) As to any other aided facility or activity, until the last advance of funds under the loan or grant has been made.
4. Upon any breach or violation this agreement the Government may, at its option:
 - (a) Terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity.
 - (b) Enforce this agreement by suit for specific performance or by any other available remedy under the laws of the United States or the State in which the breach or violation occurs.

Rights and remedies provided for under this agreement shall be cumulative.

In witness whereof, Taylor County Public Service District on this
(name of recipient)

date has caused this agreement to be executed by its duly authorized officers and its seal affixed hereto, or, if a natural person, has hereunto executed this agreement.

(SEAL)

Recipient

Date

Chairman

Title

Attest: _____
Title

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0018 and 0570-0062. The time required to complete this information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR CONSUMER OR COMMERCIAL DEBTS

The Federal Government is authorized to check credit information about the applicant(s) including using the federal Credit Alert Interactive Voice Response System (CAIVRS) or its successors to check to see if the applicant(s) are delinquent or in default on a Federal debt.

The Federal Government is also authorized by law to take any or all of the following actions in the event your loan payments become delinquent or you default on your loan:

- Report your name and account information to a credit reporting agency, and the Credit Alert Interactive Voice Response System (CAIVRS).
- Assess interest and penalty charges for the period of time that payment is not made.
- Assess charges to cover additional administrative costs incurred by the government to service your account.
- Offset amounts to be paid to you from your Federal income tax refund.
- Offset amounts to be paid to you under other Federal Programs.
- Refer your account to a private collection agency to collect the amount due.
- Foreclose on any security you have given for the loan.
- Pursue legal action to collect through the courts.
- Report any written off debt to the Internal Revenue Service as taxable income.
- If you are a current or retired Federal employee, take action to offset your salary, or civil service retirement benefits.
- Debar or suspend you from doing business with the Federal Government either as a participant or principal throughout the executive branch of the Federal Government for the period of debarment or suspension.
- Refer any debt that is delinquent to the Treasury Offset Program (TOP) in accordance with the Debt Collection Improvement Act of 1996.
- Refer any eligible debt that is delinquent to the Treasury for cross servicing in accordance with the Debt Collection Improvement Act of 1996.
- Garnish your wages as allowed by the Debt Collection Improvement Act of 1996.

Any or all of these actions may be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

CERTIFICATION: I/we have read and I/we understand the actions the Federal Government may take in the event that I/we fail to meet my/our scheduled payments in accordance with the terms and conditions of my/our agreement. I/we understand that the above list is not all inclusive and that the Federal Government may deem additional actions necessary to collect should I/we become delinquent.

<i>(Signature-Individual(s))</i>	<i>(Date)</i>	<i>(Signature-Individual(s))</i>	<i>(Date)</i>
(SEAL)		Taylor County Public service District <i>(Name of Applicant)</i>	
ATTEST:		<i>(Signature of Authorized Entity Official)</i>	
Secretary		Chairman <i>(Title of Authorized Entity Official)</i>	
<i>(Signature of Attesting Official)</i>		P.O. Box 202 <i>(Address)</i>	
<i>(Title of Attesting Official)</i>		Grafton, West Virginia 26354 <i>(City, State, and Zip Code)</i>	

LETTER OF INTENT TO MEET CONDITIONS

Date _____

TO: United States Department of Agriculture

Rural Development

(Name of USDA Agency)

Joe Crickenberger
1550 Earl Core Road, Suite 101
Morgantown, West Virginia 26505

(USDA Agency Office Address)

We have reviewed and understand the conditions set forth in your letter dated 07-06-2010 . It is our intent to meet all of them not later than _____ .

Taylor County Public Service District

(Name of Association)

BY _____

Chairman

(Title)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0570-0062. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data. needed, and completing and reviewing the collection of information.

POSITION FIDELITY SCHEDULE BOND

Bond No. _____

PART I - DECLARATIONS

Name and Address of Insured

Name and Address of Surety

Bond Period:

Subject to conditions of section 1 of part IV, this bond is effective on: _____, 20____
at 12 midnight and will continue until cancelled by either party.

Schedule of Employees and Limit of Liability:

Each of the persons occupying any position named in the following schedule, or added as provided, in section 2 or 3 of part IV is an insured employee. The liability of the surety shall not exceed amount of indemnity stated opposite the position occupied by the employee in the following schedule or added as provided in this bond. The cumulative limit of liability of the surety is limited to the highest amount of indemnity shown below for any insured employee, whether or not the loss is attributed to more than one employee.

Position	Location	Total Number of Employees in each Position	Amount of Indemnity on each Employee	Premium

The terms and conditions of the following riders are incorporated into this bond:

The Surety and Insured agree to terminate or cancel the following bond(s) or policy(ies) at the time this bond becomes effective:

Notices:

All notices, acceptances, and requests required by the provisions in this policy will be sent to the insured and surety at the addresses shown in this bond. All notices and requests that are required to be sent to the United States of America will be sent to the following address: Rural Development _____

Signed and sealed on: _____, 20____

Company

By: _____

Name: _____

Title: _____

PART II - INSURED AGREEMENT

The Surety, in consideration of the payment of the premium, and subject to the declarations made a part hereof, the General Agreements, Conditions and Limitations, and other terms of this bond, agrees to indemnify the Insured against any loss of money or other property belonging to the Insured or in which the Insured has a pecuniary interest or which is held by the Insured as bailee, trustee, or agent or in any other capacity or whether or not the Insured is liable for the loss thereof which the Insured shall sustain and discover as provided in section 1 of the Conditions and Limitations through any fraudulent or dishonest act or acts committed by any of the Employees occupying any position named in the Declarations (Part I), or added thereto as hereinafter provided, whether acting alone or in collusion with others, not exceeding, however, the amount of indemnity stated opposite the name of such position in said schedule or any applicable additions and subject to the cumulative limit of liability contained in part I.

PART III - GENERAL AGREEMENTS

METHOD OF CLAIM PAYMENT

A. Settlement of any claim shall be made by check or draft payable to the Insured.

LOSS UNDER PRIOR BOND OR POLICY

B. If this bond is substituted for any prior bond or policy of insurance carried by the insured or predecessor in the interest of the insured, the following conditions shall apply:

- (1) Surety agrees this bond applies to any recoverable loss covered by a prior bond or policy that is discovered as provided in Section 1 of the Conditions and Limitations (Part IV) of this bond;

- (2) The indemnity afforded by this General Agreement shall be a part of, and not in addition to, the amount of insurance afforded by this bond;
- (3) Such loss would have been covered under this bond had it been in force when the acts or defaults causing such loss were committed; and
- (4) Surety's liability will not exceed the lesser of the amount recoverable under either this bond or any prior policy or bond incorporated into this bond.

PART IV - THE FOREGOING INSURING AGREEMENT AND GENERAL AGREEMENTS ARE SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

BOND PERIOD, DISCOVERY

Section 1. This bond shall be effective from the beginning of the date set forth the Declarations, standard time at the address of the Insured, and shall be in force (a) as to any Employee occupying any position named in said schedule during the period from the time set forth in Part 1, and (b) as to any Employee occupying any position added to said schedule, as hereinafter provided, during the period from the beginning of the effective date of such addition and in either case continuing as to any such Employee until:

- (1) The termination of employment of such Employee;
- (2) The termination or cancellation of this bond as to such Employee or Position as provided in section 9; or
- (3) The termination or cancellation of this bond as an entirety as hereinafter provided;

whichever shall first happen.

Loss is covered under this bond only if discovered and reported during the bond period or within two years after the bond is cancelled. Subject to General Agreement (B)(3), this bond applies only to loss sustained by the Insured through fraudulent or dishonest acts committed during the Bond Period by any of the Employees.

ADDITIONS TO SCHEDULE

Section 2. If the Insured shall request the Surety to add to the Schedule the name of any Position not named therein, and the Surety shall elect to do so, the surety shall add the name of the Position to Schedule by written acceptance, setting forth the amount of suretyship and the time from which it will be effective.

NEW POSITION-SAME DESIGNATION

Section 3. If any new Position bearing the same designation as that of any Position named in the Schedule or any acceptance notice shall be created by the Insured, such new Position shall be automatically added to the Schedule as of the effective date of creation thereof and in the amount set opposite the Position so named in the Schedule or the acceptance notice, provided the Insured gives the Surety written notice of the creation of such Position within ninety (90) days after the date of creation thereof.

NEW POSITION-DIFFERENT DESIGNATION

Section 4. If any position is created by the Insured with a different designation from that of any position named in the schedule or prior acceptance notice, such position shall be automatically added to the schedule. Coverage in the amount of Ten Thousand Dollars (\$10,000) is effective upon creation of the new position provided the Insured gives the Surety written notice of the creation of the new position within 90 days after its creation, Surety's liability hereunder, if any, by reason of such notice shall terminate at the expiration of ninety (90) days from the date of creation thereof, unless prior thereto the Surety shall have added such position to said schedule and mailed Insured a revised schedule of employees and limit of liability.

NOTICE AND PROOF OF LOSS

Section 5. Within a reasonable time after discovery by the Insured of any loss hereunder, the Insured shall give the Surety written notice thereof, and within 180 days, or any extension thereof as may be requested by the Insured and agreed to, in writing, by the Surety, after such discovery shall file with the Surety affirmative proof of loss itemized and sworn to on forms furnished by the Surety.

RECOVERIES

Section 6. If the Insured shall sustain any loss covered by this bond which exceeds the amount of indemnity provided by this bond, the Insured shall be entitled to all recoveries (except from suretyship, insurance, reinsurance, security, or indemnity taken by or for the benefit of the Surety) by whomsoever made, on account of such loss under this bond until fully reimbursed, less the actual cost of effecting the same; and any remainder shall be applied to the reimbursement of the Surety.

LIMIT OF LIABILITY

Section 7. Regardless of the number of years this bond shall continue in force and the number of premiums which shall be payable or paid, the Surety shall not be liable under this bond on account of any Employee or their designated alternate for a larger amount, in the aggregate, than the amount stated opposite the position named in said Schedule occupied by such Employee or which is added thereto.

LIMIT OF LIABILITY UNDER THIS BOND AND PRIOR INSURANCE

Section 8. With respect to loss caused by any Employee which occurs partly during Bond Period and partly during the period of other bonds or policies issued by the Surety to the Insured or to any predecessor in interest of the Insured and terminated or canceled or allowed to expire and in which the period for discovery has not expired at the time any such loss thereunder is discovered, the total liability of the Surety under this bond and under such other bonds or policies shall not exceed, in the aggregate, the amount of indemnity stated opposite the Position named in the Schedule occupied by such Employee or added thereto, or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss, if the latter amount be the larger.

CANCELLATION

Section 9. This bond shall be deemed canceled as to future acts of any Employee:

- (a) Upon discovery of any fraudulent or dishonest act upon the part of such Employee with respect to the Insured. The Insured must immediately report such knowledge to the Surety;
- (b) Upon the resignation, or removal of such Employee; or
- (c) Or as provided in section 10.

Section 10. This bond shall be cancelled as of midnight of the date specified in a written notice to the Surety by the insured, with a copy to the United States of America. Notice must be delivered not less than 30 days in advance by either mail or personal service with written receipt of delivery.

LEGAL PROCEEDINGS

Section 11. No demand, suit, action, or proceeding of any kind to recover an account of loss under this bond shall be made or brought after the expiration of three (3) years from the cancellation of this bond as to the Employee or Employees causing such loss, or the cancellation of this bond as an entirety, whichever shall first happen, provided, however, that if such limitation for making a demand, bringing suit, action, or proceeding is prohibited or made void by any law controlling the construction of this bond, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

In witness whereof, the Surety has caused this bond to be executed on the Declaration page.

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date _____

Dear Sir:

I have reviewed the action taken by Taylor County Public service District (hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way

Certificate," executed by the Corporation on _____, 20 10. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate".

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

- A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.
- B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.
- C. Exceptions:

Very truly yours,

Attorney for _____

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer STOP 7602, 1400 Independence Avenue, S. W., Washington, D. C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

FINAL TITLE OPINION

LOAN APPLICANT Taylor County Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION P.O. Box 202 Grafton, West Virginia 26354	
APPLICANT FOR TITLE EXAMINATION	COUNTY Taylor	STATE West Virginia

- I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to _____, _____ at _____ a.m. (including the time of filing the current security instrument).
(Date) p.m.
- II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:
- A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in _____
_____ as _____
(Joint tenants, tenants by the entirety, etc.)
- B. The United States of America holds a valid _____ _____ lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____, _____, at _____ a.m. and is recorded in _____ p.m.
(Priority) (Mortgage, etc.) (Date) (Book, page, and office)
- C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.
- III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

(Date)

(Attorney's signature)

Attachments

(Address, include ZIP Code)

USDA
Form RD 400-4
(Rev. 06-10)

ASSURANCE AGREEMENT
(Under Title VI, Civil Rights Act of 1964)

FORM APPROVED
OMB No. 0575-0018
OMB No. 0570-0062

The Taylor County Public Service District

(name of recipient)

PO Box 202
Grafton, WV 26354

(address)

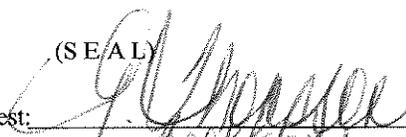
("Recipient" herein) hereby assures the U. S. Department of Agriculture that Recipient is in compliance with and will continue to comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d et. seq.), 7 CFR Part 15, and Rural Housing Service, Rural Business-Cooperative Service, Rural Utilities Service, Risk Management Agency, or the Farm Service Agency, (hereafter known as the "Agency") regulations promulgated thereunder, 7 C.F.R. § 1901.202. In accordance with that Act and the regulations referred to above, Recipient agrees that in connection with any program or activity for which Recipient receives Federal financial assistance (as such term is defined in 7 C.F.R. § 15.2) no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination.

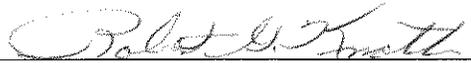
1. Recipient agrees that any transfer of any aided facility, other than personal property, by sale, lease or other conveyance of contract, shall be, and shall be made expressly, subject to the obligations of this agreement and transferee's assumption thereof.
2. Recipient shall:
 - (a) Keep such records and submit to the Government such timely, complete, and accurate information as the Government may determine to be necessary to ascertain our/my compliance with this agreement and the regulations.
 - (b) Permit access by authorized employees of the Agency or the U.S. Department of Agriculture during normal business hours to such books, records, accounts and other sources of information and its facilities as may be pertinent to ascertaining such compliance.
 - (c) Make available to users, participants, beneficiaries and other interested persons such information regarding the provisions of this agreement and the regulations, and in such manner as the Agency or the U. S. Department of Agriculture finds necessary to inform such persons of the protection assured them against discrimination.
3. The obligations of this agreement shall continue:
 - (a) As to any real property, including any structure, acquired or improved with the aid of the Federal financial assistance, so long as such real property is used for the purpose for which the Federal financial assistance is made or for another purpose which affords similar services or benefits, or for as long as the Recipient retains ownership or possession of the property, whichever is longer.
 - (b) As to any personal property acquired or improved with the aid of the Federal financial assistance, so long as Recipient retains ownership or possession of the property.
 - (c) As to any other aided facility or activity, until the last advance of funds under the loan or grant has been made.
4. Upon any breach or violation this agreement the Government may, at its option:
 - (a) Terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity.
 - (b) Enforce this agreement by suit for specific performance or by any other available remedy under the laws of the United States or the State in which the breach or violation occurs.

Rights and remedies provided for under this agreement shall be cumulative.

In witness whereof, Taylor County Public Service District _____ on this
(name of recipient)

date has caused this agreement to be executed by its duly authorized officers and its seal affixed hereto, or, if a natural person, has hereunto executed this agreement.

(SEAL)
Attest:  _____
Title



Recipient
8-11-2010

Date


Title

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0018 and 0570-0062. The time required to complete this information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR CONSUMER OR COMMERCIAL DEBTS

The Federal Government is authorized to check credit information about the applicant(s) including using the federal Credit Alert Interactive Voice Response System (CAIVRS) or its successors to check to see if the applicant(s) are delinquent or in default on a Federal debt.

The Federal Government is also authorized by law to take any or all of the following actions in the event your loan payments become delinquent or you default on your loan:

- Report your name and account information to a credit reporting agency, and the Credit Alert Interactive Voice Response System (CAIVRS).
- Assess interest and penalty charges for the period of time that payment is not made.
- Assess charges to cover additional administrative costs incurred by the government to service your account.
- Offset amounts to be paid to you from your Federal income tax refund.
- Offset amounts to be paid to you under other Federal Programs.
- Refer your account to a private collection agency to collect the amount due.
- Foreclose on any security you have given for the loan.
- Pursue legal action to collect through the courts.
- Report any written off debt to the Internal Revenue Service as taxable income.
- If you are a current or retired Federal employee, take action to offset your salary, or civil service retirement benefits.
- Debar or suspend you from doing business with the Federal Government either as a participant or principal throughout the executive branch of the Federal Government for the period of debarment or suspension.
- Refer any debt that is delinquent to the Treasury Offset Program (TOP) in accordance with the Debt Collection Improvement Act of 1996.
- Refer any eligible debt that is delinquent to the Treasury for cross servicing in accordance with the Debt Collection Improvement Act of 1996.
- Garnish your wages as allowed by the Debt Collection Improvement Act of 1996.

Any or all of these actions may be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

CERTIFICATION: I/we have read and I/we understand the actions the Federal Government may take in the event that I/we fail to meet my/our scheduled payments in accordance with the terms and conditions of my/our agreement. I/we understand that the above list is not all inclusive and that the Federal Government may deem additional actions necessary to collect should I/we become delinquent.

(Signature-Individual(s))

(Date)

(Signature-Individual(s))

(Date)

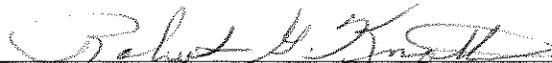
(SEAL)

8/11/10

(Date)

Taylor County Public Service District

(Name of Applicant)



(Signature of Authorized Entity Official)

President

(Title of Authorized Entity Official)

PO Box 202

(Address)

Grafton, WV 26354

(City, State, and Zip Code)

ATTEST:



(Signature of Attesting Official)

(Title of Attesting Official)

LETTER OF INTENT TO MEET CONDITIONS

Date 08-10-2010

TO: United States Department of Agriculture

Rural Development

(Name of USDA Agency)

1550 Earl Core Road
Suite 101
Morgantown, WV 26505

(USDA Agency Office Address)

We have reviewed and understand the conditions set forth in your letter dated 07-06-2010. It is our intent to meet all of them not later than 01-06-2011.

Taylor County Public Service District

(Name of Association)

BY 

President

(Title)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0570-0062. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data. needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

APPLICATION FOR PARTIAL RELEASE,
SUBORDINATION, OR CONSENT

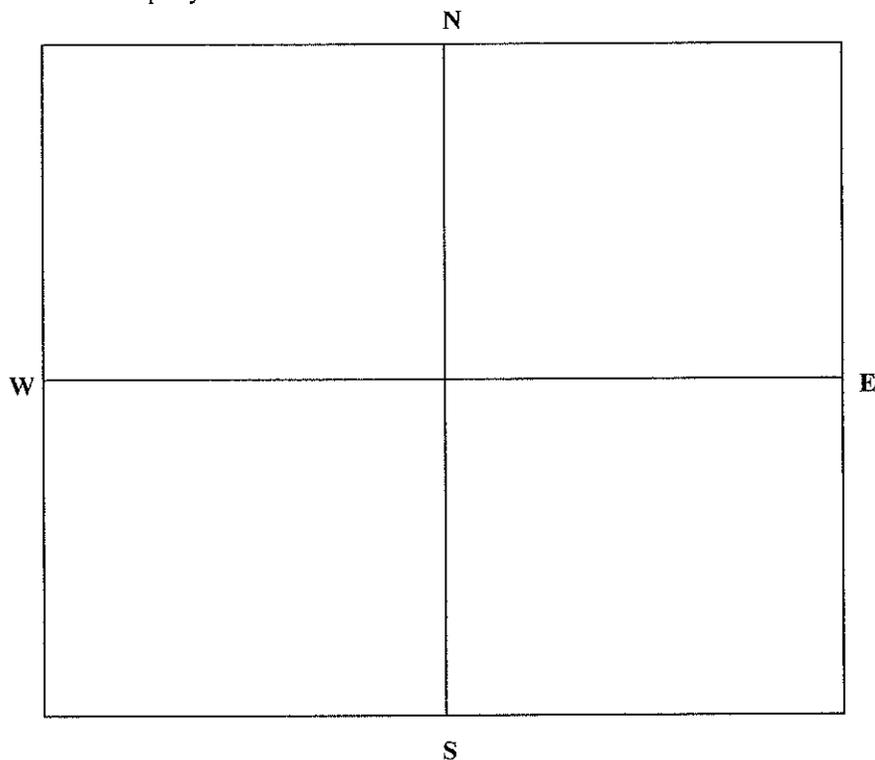
TYPE OF LOAN
_____ (SPECIFY)

STATE West Virginia
COUNTY Taylor
CASE NO.

The undersigned Haymond Public Service District
(Names of Borrower and Co-Borrower)
whose address (Including ZIP Code) is P.O. Box 412, Grafton, West Virginia 26354
in accordance with the terms of the security instruments held by Rural Development or the Farm Service Agency (hereafter referred to as "Agency") on their property, apply for releases or subordination of the liens of said security instruments or consent to the following transaction.

Transfer of Assets of Haymond PSD to Taylor County PSD and Dissolution of Haymond PSD
(Description)

1. Plot of Property:



2. Prior lienholders in order:

See Schedule A attached hereto.

3. The prior lien to which subordination is requested is to be held by:

N / A

4. The property to be leased or conveyed to:

Transfer of Assets of Haymond PSD to Taylor county PSD and Dissolution of Haymond PSD

5. Description of property to be covered by the release, subordination, or consent:

Transfer of Assets of Haymond PSD to Taylor County PSD and Dissolution of Haymond PSD

6. The use to be made of the property covered by this application is:

To be owned and operated as a public water and sewer system.

7. The anticipated proceeds from this transaction are: Initial payment \$ _____
Subsequent payment(s) \$ _____

Other considerations:

If the borrower obtains a loan from another lender as a result of any subordination covered by this application, the lender must incorporate in the borrower's note a statement that the loan will be in default should any proceeds of the loan funds obtained as a result of this subordination 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.

8. Subject to the provisions of Paragraph 7 it is proposed to use the proceeds as follows:

NA

9. Have you or any member, stockholder, partner or joint operation of the entity borrower been convicted under Federal or State law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance since December 23, 1985?

Yes No

If yes, provide date of conviction and details on a separate sheet.

10. If this application is approved, the undersigned borrower(s) agree to comply with such terms as may be prescribed by Agency and to disposition of the proceeds as required by Agency pursuant to its regulations, including the method of applying payments to the borrower(s)' loan accounts. It is expressly understood that unless a separate written instrument of subordination or partial release is executed and delivered by Agency pursuant to this application, approval by Agency of this application will merely constitute and evidence its consent, as lienholder, to the proposed transaction without in any way subordinating its lien, releasing any of its security, modifying the payment terms of the loan, or otherwise affecting any rights of Agency.

The borrower(s) agrees that none of the funds obtained as a result of any subordination covered by this application will 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, as explained in Exhibit M of Subpart G of Part 1940 of Title 7 of the Code of Federal Regulations.

Date: _____

Signed: Haymond Public Service District
By: Gary Wolpert (Borrower)
Its: Chairman

[SEAL]
Garry Weaver
Its: Secretary

1. The proposed transaction:

- WILL WILL NOT prevent or make more difficult the successful operation of this property.
- WILL WILL NOT reduce the efficiency of the property.

2. The proposed transaction will affect the value of this property as security for the loan as follows:

Present Market Value

- (a) Value of Real Estate Before _____
- (b) Value of Real Estate After _____
- (c) Value of Real Estate Disposed of _____

3. The following damages benefits will result to this property from the transaction:

I hereby recommend that this application be approved and that the proceeds be applied or released as follows:

INITIAL PAYMENT:

SUBSEQUENT PAYMENTS:

- | | |
|--|---|
| \$ _____ To extra payment on Agency loan | \$ _____ or _____ % To extra payment on Agency loan |
| \$ _____ To regular payment on Agency loan | \$ _____ or _____ % To regular payment on Agency loan |
| \$ _____ To borrower as regular income | \$ _____ or _____ % To borrower as regular income |
| \$ _____ To prior lien(s) | \$ _____ or _____ % To prior lien(s) |
| \$ _____ Other (specify) _____ | \$ _____ Other (specify) _____ |

Date: _____

Recommended by: _____

(Title)

Date: _____ Approved Disapproved by: _____

(Title)

UNITED STATES DEPARTMENT OF AGRICULTURE

SCHEDULE A

Taylor County PSD Debt

Water Revenue Bonds, Series 1996 A (United States Department of Agriculture), dated February 1, 1996 in the original aggregate principal amount of \$350,000;

Water Revenue Bonds, Series 1996 B (United States Department of Agriculture), dated February 1, 1996 in the original aggregate principal amount of \$129,000;

Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated July 16, 2004 in the original aggregate principal amount of \$961,000;

Water Revenue Bonds, Series 2005 A (Branch Banking & Trust Company), dated May 16, 2005 in the original aggregate principal amount of \$870,000; and

Water Revenue Bonds, Series 2007 A (United States Department of Agriculture), dated May 24, 2007 in the original aggregate principal amount of \$1,061,000.

Haymond PSD Debt

Water Revenue Bonds, Series 1986, dated November 20, 1986 in the original aggregate principal amount of \$200,000;

Water Revenue Bonds, Series 2004 A (West Virginia Infrastructure Fund), dated December 10, 2004 in the original aggregate principal amount of \$1,310,000; and

Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 10, 2004 in the original aggregate principal amount of \$378,397.

COMMUNITY PROGRAMS ASSUMPTION AGREEMENT

PART A

1. TRANSFER CASE NUMBER		2. TRANSFEREE NAME <u>Taylor County PSD</u>			
3. ASSUMPTION TYPE	4. NOTE INTEREST RATE %	5. EFFECTIVE DATE	6. AMOUNT ASSUMED		
7. APPROVAL DATE	8. APPROVAL DATE	9. TRANSFEROR CASE NUMBER			
10. TRANSFEROR NAME <u>Haymond PSD</u>			11. LOAN NUMBERS BEING TRANSFERRED		
12. PURCHASE CODE 0-PROGRAM 1- NONPROGRAM <input type="checkbox"/>	13. FUND CODE	14. RACE/TAX CODE	15. EMPLOYEE RELATIONSHIP CODE <input type="checkbox"/>	16. ASSUMPTION CODE: 1 - SAME 2 - NEW <input type="checkbox"/>	17. RELEASE FROM LIABILITY 1 - YES 2 - NO <input type="checkbox"/>

PART B

AGREEMENT

This agreement dated July 29, 2011, is between the United States of America, acting through the Rural Housing Service or the Rural Utilities Service or the Rural Business-Cooperative Service (herein called the Agency), and the assuming party, Taylor County Public Service District (herein called Transferee), whose mailing address is P O Box 202, Grafton, WV 26354.

The Government is the holder of debt instrument(s) executed by Haymond PSD and identified as follows:

Water Revenue Bonds, Series 1986 (USDA), dated 11/20/1986
assumed on the original \$200,000

TABLE I

Instrument Type	Date Executed	Principal Amount	UNPAID ON DATE HEREOF		Int. Rate	Ins. Charge Rate
			Principal	Accrued Interest		
	<u>7/29/2011</u>	<u>200,000</u>				

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0066. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

WHEREAS in connection with such loans the following security instruments were taken on property described therein

which is located in Taylor County PSD

County, State of Taylor

TABLE II

KIND OF INSTRUMENT	DATE EXECUTED	OFFICE WHERE RECORDED	BOOK/VOLUME/ DOCUMENT NO.	PAGE NUMBER

Now therefore, in consideration of the assumption of indebtedness as herein provided and the Agency's consent to the assumption and related conveyance of security property, if applicable, it is agreed as follows:

1. The transferee hereby jointly and severally assumes liability for and agrees to pay to the order of the Agency, or to the order of the insured holder through the Agency if and when an insured holder is the holder of said debt instrument(s), at the office of the Agency shown below, the entire unpaid indebtedness in accordance with the rates and terms specified in the following subparagraphs (a) or (b) designated by an X in the appropriate block:

(a) Same Rates/Terms. The entire unpaid indebtedness will be paid in accordance with the rates and terms stipulated in the debt and security instruments listed in Tables I and II of Part B of this agreement.

(b) New Rates/Terms. The entire unpaid indebtedness will be paid in the amounts and at the times specified in the following subparagraph (i) or (ii) designated by an X in the appropriate block.

(i). The sum of _____ dollars (\$ _____) plus interest at the rate of _____ percent (_____ %) per annum, paid in installments of \$ _____ on _____, _____, and \$ _____ thereafter on the _____ of _____ until the principal and interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable _____ (_____) months/years from the date of this Assumption Agreement.

(ii). The sum of _____ dollars (\$ _____) with interest thereon at the rate of _____ percent (_____ %) per annum from the date hereof. The principal and interest shall be due and payable as follows:

\$ _____ on _____ ; \$ _____ on _____ ; \$ _____ on _____ ;
 \$ _____ on _____ ; \$ _____ on _____ ; \$ _____ on _____ ;
 \$ _____ on _____ ; \$ _____ on _____ ; \$ _____ on _____ ;
 \$ _____ on _____ ; \$ _____ on _____ ; \$ _____ on _____ ;
 \$ _____ on _____ ; \$ _____ on _____ ; \$ _____ on _____ ;

and a final installment in the amount of any remaining portion of the indebtedness hereby assumed which shall

be paid on or before _____ Interest hereafter accruing shall be due and payable on the same dates as principal installments listed above.

2. The provisions of said debt and security instruments and of any outstanding agreements executed or assumed by the present debtors pertinent thereto shall, except as modified herein, remain in full force and effect, and the transferee hereby assumes the obligations of and agrees to be bound by and to comply with all covenants, agreements and conditions contained in said instruments and agreements, except as modified herein, the same as if they had executed them as of the dates thereof as principal obligors, including any obligation to pay the Agency an insurance charge in addition to interest if and as provided in any such instruments.
3. REFINANCING AGREEMENT: If at any time it shall appear to the Agency that the transferee may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, transferee will, at the Agency's request, apply for and accept a loan in a sufficient amount to pay the loan(s) hereby assumed in full and, if the lender is a cooperative, to pay for any necessary stock. (Refinancing requirements do not apply to loans classified as nonprogram loans.)
4. This agreement shall be subject to present regulations of the Agency and to its future regulations which are not inconsistent with the express provisions hereof.
5. When the loan(s) hereby assumed is held by an insured holder, prepayments made by the transferee may, except for final payment, be remitted by the Agency to the holder on an annual installment due date basis or other basis established by Agency regulation. Final payment will be remitted promptly. The effective date of every payment made by the transferee shall be the date the payment is received by the Agency.
6. The property described in Table II was obtained or improved through Federal financial assistance. This property is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the property continues to be used for the same or similar purpose for which financial assistance was extended or so long as the transferee owns it, whichever is longer.

TRANSFeree

(SEAL)

Attest:

Haymond Public Service District

Name of Transferee

BY *Ronald B. Knott*

BY *Edward Beames*

TITLE _____

TITLE _____

Agency Name

UNITED STATES OF AMERICA

Agency Name

OFFICE ADDRESS:

BY _____

TITLE _____

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date July 29, 2011

Dear Sir:

I have reviewed the action taken by Taylor County Public service District
(hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way

Certificate," executed by the Corporation on _____, 20 10. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate".

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

- A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.
- B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.

C. Exceptions:

NONE

Very truly yours,

Robert C. Hovey, Jr.
Attorney for Taylor County PSD

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer STOP 7602, 1400 Independence Avenue, S.W., Washington, D. C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

Position 5

Form RD 1927-10
(Rev. 7-93)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

FORM APPROVED
OMB NO. 0375-0147

FINAL TITLE OPINION

LOAN APPLICANT Taylor County Public Service District	ADDRESS OR PROPERTY COVERED BY THIS OPINION	
APPLICANT FOR TITLE EXAMINATION	COUNTY Taylor	STATE WV

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to July 29, 2011 at 4:30 ~~am~~ p.m. (including the time of filing the current security instrument).

II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in Taylor County Public Service District

as _____
(Joint tenants, tenants by the entirety, etc.)

B. The United States of America holds a valid 1st LIEN lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on _____, at _____ a.m. and is recorded in _____ p.m. (Book, page, and office)

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0375-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

7/29/11
(Date)

Robert C. Forey, Jr.
(Attorney's signature)

Attachments

PO Box 4, GRAFTON, WV 26354
(Address, include ZIP Code)

322-427

DEED

THIS DEED, Made this 18th day of October, 2011, by and between the Haymond Public Service District, Grantor, and party of the first part, and the Taylor County Public Service District, Grantee, and party of the second part.

WITNESSETH:

That for and in consideration of the sum of Ten Dollars (\$10.00) and upwards, cash in hand paid by the said Grantee and party of the second part unto the said Grantor and party of the first part, the receipt of which is hereby acknowledged, the said Grantor, and party of the first part, does hereby grant and convey unto the said Grantee and party of the second part, Taylor County Public Service District, all of its right, title and interest, in and to all those certain lots or parcels of real estate, together with the improvements thereon and the appurtenances thereunto belonging, situate in Fetterman District, Taylor County, West Virginia, and being more particularly bounded and described as follows:

FIRST PARCEL: Beginning at a point located in the fence line between property of the Grantors herein and Ralph Sapp and running thence N. 40°20' W. 50 feet to a point in said fence line; thence N. 49°40' E. 50 feet to a point; thence S. 40°20' E. 50 feet to a point; thence S. 49°40' W. 50 feet to the place of beginning, containing 2500 square feet, more or less.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 7th day of May, 1985, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 206, at Page 187.

SECOND PARCEL: Beginning at a point in the fence line near the top of a hill, which fence is an interior fence on property owned by Berthold Goerlich, which point bears S. 8°5' W. 449' from the centerline intersection of an old farm road and a stone and dirt road used as an access to the property, which centerline intersection is 1253' E. of the centerline intersection of the stone and dirt access road and Secondary Route 119/8; thence with the interior fence, S. 5°15' W. 40.64' to a point in the fence line; thence S. 23°55' E. 64.00' to a point in the fence line; thence with a second interior fence, S. 67°40' W. 100.00' to a point in the fence line; thence leaving the fence, N. 22°20' W. 100.00' to a point; thence N. 67°40' E. 117.05' to the beginning, containing 10,219 square feet.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 21st day of July, 1986, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 209, at Page 41.

322-428

THIRD PARCEL: All that parcel of land situate along Taylor County Route 119/6, near the junction of Taylor County Route 26/2, on the waters of Cherry Run, as follows: Beginning at a 3/4" rebar (set), 15 west of the center of Taylor County Route 119/6, said rebar bears S. 1°23'00" W., a distance of 1161.07 feet, from a 3/4inch rebar, found, witnessed by a "T" post, on the westerly side of Taylor County Route 119/6, in the northern line of Gretta R. Jones (Tax Map 7, Parcel 15.3; Will Book 23, Page 564), the northeast corner of the herein described parcel; thence, with the westerly right-of-way line of the said Taylor County Route 119/6, S. 60°56'45" East, a distance of 27.00 feet, to a 3/4" rebar (set); thence, leaving said Taylor County Route 119/6 and with new lines through said Jones, S. 29°03'15" West, a distance of 24.00 feet, to a 3/4" rebar (set); thence, N. 60°56'45" West, a distance of 27.00 feet, to a 3/4" rebar (set); thence, N. 29°03'15" East, a distance of 24.00 feet, to the place of beginning and containing 648 square feet, more or less.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 23rd day of September, 2004, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 287, at Page 674.

FOURTH PARCEL: All that parcel of land situate along Oak Grove Road (Taylor County Route 28), at the junction of Dogwood Lane, as follows: Beginning at a 3/4" rebar (set), 15 feet south of the center of Oak Grove Road (Taylor County Route 28), said rebar bears S. 52°24'05" East, a distance of 58.52 feet, from a utility pole north of Oak Grove Road and east of Dogwood Lane, said rebar also bears N. 77°36'00" West, a distance of 16.33 feet, from another utility pole on the southerly side of said Oak Grove Road; thence, leaving said Oak Grove Road and with new lines Catherine M. Gelhausen (Tax Map 6-Parcel 81, Deed Book 273-Page 441), S. 26°39'05" East, a distance of 21.00 feet, to a 3/4" rebar (set); thence, S. 63°20'55" West, a distance of 27.00 feet, to a 3/4" rebar (set); thence, N. 26°39'05" West, a distance of 23.27 feet, to a 3/4" rebar (set), 15 feet south of the center of said Oak Grove Road; thence, with the southerly right-of-way line of said Oak Grove Road, N. 68°10'05" East, a distance of 27.10 feet, to the place of beginning and containing 598 square feet, more or less.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 23rd day of September, 2004, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 287, at Page 678.

FIFTH PARCEL: Approximately 2,900 feet from West Virginia Secondary Route 310 along the northern right-of-way of Taylor County Route 20/3 and being 20 feet from the centerline of Taylor County Route 20/3, thence N. 13°00' W. 25.00 feet; thence N. 77°00' E. 50 feet; thence S. 13°00' E. 25.00 feet to the northern edge of Taylor County Route 20/3 right-of-way; and thence with the said right-of-way, S. 77°00' W. 50.00 feet to the beginning, containing 1,250 square feet.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 2nd day of September, 1993, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 240, at Page 282.

SIXTH PARCEL: Beginning at a point 30 feet left of centerline plus 199+0, Project No. PWS 2197-856A, or WV Project No. 3570; thence with a line 30 feet from and parallel to centerline of U.S. Route 119, S. 55°34' W. 35.00 feet; thence leaving said Route and with a new line, N. 34°26' W. 42.31 feet to a point 30 feet from the centerline of the Wickwire Road or Secondary Route No. 26/3; thence with a line on a curve to the left and 30 feet south of said centerline of Wickwire Road with a radius of 985.37 feet for an arc

322.429

distance of 72.6 feet and a chord which bears N. 82°00' E. 72.59 feet to a point on the northern right-of-way line of U.S. Route 119, State Project No. 3570; thence with said right-of-way and 40 feet from centerline of U.S. Route 119, S. 55°34' W. 30.00 feet; thence S. 34°26' E. 10 feet to the place of beginning, containing 1400 square feet.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 19th day of September, 1985, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 208, at Page 567, and re-recorded in Deed Book 209, at Page 29.

SEVENTH PARCEL: Beginning at an iron rod in the southern right-of-way line of West Virginia Route 28, commonly known as the Oak Grove Road, which point is 15' from the centerline of the paved road and which bears S. 81°35'18" E. 320.13' from a 1/4" iron pipe property corner with R.O. Amos; thence S. 10°58' W. 25' to an iron rod; thence N. 79°02' W. 50' to an iron rod; thence N. 10°58' E. 25' to an iron rod in the southern right-of-way of West Virginia Route 28, which point bears N. 85°51'29" E. 385.44' from a 1/4" iron pipe which is a property corner to Floyd M. and Lorette M. Annon; thence with the southern boundary of West Virginia Route 28, S. 79°02' E. to the beginning, containing 1250 square feet.

Being the same property which was conveyed unto the Haymond Public Service District, by Deed dated the 31st day of July, 1985, of record in the Office of the Clerk of the County Commission of Taylor County, West Virginia, in Deed Book 206, at Page 197, and re-recorded in Deed Book 209, at Page 23.

This conveyance is made subject to such exceptions, reservations, agreements, easements, rights of way and conditions, if any, contained in prior deeds of record in the chain of title to said real estate, or to such of the same as are now in full force and effect and legally enforceable.

The said Grantor hereby covenants to and with the said Grantee that it has good right and title to said property hereby conveyed and will warrant the same specially.

VERIFIED SALES LISTING

The real estate herein described and conveyed is entered upon the Land Books of Taylor County, West Virginia, for the year 2011, in Fetterman District, as follows:

Haymond Public Service District
Map 06, Parcel 35.1 (Ticket #: 15120)
Map 12, Parcel 20.2 (Ticket #: 15118)
Map 07, Parcel 15.6 (Ticket #: 15116)
Map 06, Parcel 81.1 (Ticket #: 15115)
Map 10, Parcel 20.1 (Ticket #: 15117)
Map 16, Parcel 20.2 (Ticket #: 15119)
Map 06, Parcel 75.2 (Ticket #: 15121)

The address of the new owner is:
Taylor County Public Service District
PO Box 202
Grafton, WV 26354

322-430

DECLARATION OF RESIDENCY

Under penalty of perjury, the Grantor declares and certifies that it is exempt from the tax withholding requirements of W.V. Code 11-21-71(b) because it is a resident of the State of West Virginia as defined by W.V. Code 11-21-71(b) and intends this declaration to satisfy the requirements thereof.

DECLARATION OF CONSIDERATION OF VALUE

The undersigned Grantor hereby declares that the said property conveyed by this document is being transferred without consideration, and reflects the merger of the Haymond Public Service District with the Taylor County Public Service District.

Witness the following signature:

HAYMOND PUBLIC SERVICE DISTRICT

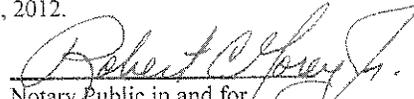
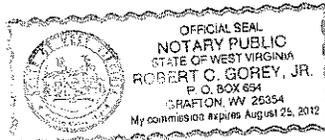


By Robert Knotts
Its President

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

The foregoing instrument was acknowledged before me this 7th day of November, 2011, by the Haymond Public Service District, by Robert Knotts, its President.

My Commission Expires: August 25, 2012.


Notary Public in and for
the State and County aforesaid

This instrument was prepared by:

ROBERT C. GOREY, JR.
WV State Bar #1442
P.O. Box 4
Grafton, WV 26354

NOTICE:

This instrument was prepared without examination of title or report. No opinion, express or implied, is given to the marketability or condition of title of the subject property, the quantity of lands included therein, the location of the boundaries thereof, the existence of liens, unpaid taxes and encumbrances, to the ownership of minerals and/or mineral rights and privileges, or any other matter pertaining to said title.

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
07/08/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Bill Bailey Insurance Agency 701 Highland Avenue P. O. Box 246 Williamstown, WV 26187	CONTACT NAME: Renee Shotwell PHONE (A/C, No, Ext): 304.375.4900 FAX (A/C, No): 304.375.2162 E-MAIL ADDRESS: rshotwell@bb-ins.com PRODUCER CUSTOMER ID #: 00003667														
INSURED Taylor County PSD P.O. Box 202 Grafton, WV 26354	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> <tr> <td>INSURER A: American Alternative Insurance</td> <td></td> </tr> <tr> <td>INSURER B:</td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: American Alternative Insurance		INSURER B:		INSURER C:		INSURER D:		INSURER E:		INSURER F:	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A: American Alternative Insurance															
INSURER B:															
INSURER C:															
INSURER D:															
INSURER E:															
INSURER F:															

COVERAGES **CERTIFICATE NUMBER: Evidence of Insurance** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY			PF6050814-01	06/30/2011	06/30/2012	EACH OCCURRENCE \$ 1,000,000
	<input type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 10,000,000
	<input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 10,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$ 1,000,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						GENERAL AGGREGATE \$ 3,000,000
							PRODUCTS - COMP/OP AGG \$ 3,000,000
							\$
A	AUTOMOBILE LIABILITY			XS3050310-01	06/30/2011	06/30/2012	COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS						\$
	<input type="checkbox"/> NON-OWNED AUTOS						\$
							\$
A	UMBRELLA LIAB <input type="checkbox"/> OCCUR			XS3050310-01	06/30/2011	06/30/2012	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE						AGGREGATE \$ 1,000,000
	<input type="checkbox"/> DEDUCTIBLE						\$
	<input type="checkbox"/> RETENTION \$						\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			N/A	N/A	N/A	WC STATUTORY LIMITS OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y <input type="checkbox"/> N					E.L. EACH ACCIDENT \$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER Evidence of Insurance	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	--

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

If this certificate is being prepared for a party who has an insurable interest in the property, do not use this form. Use ACORD 27 or ACORD 28.

PRODUCER Bill Bailey Insurance Agency 701 Highland Avenue P. O. Box 246 Williamstown, WV 26187		Renee Shotwell Phone No. (A/C): 304.375.4900 FAX (A/C, No.): 304.375.2162 E-mail: rshotwell@bb-ins.com License No.: 00903667	
INSURED Taylor County PSD P.O. Box 202 Grafton, WV 26354		INSURER(S) AFFORDING COVERAGE American Alternative Insurance NAIC #	

COVERAGES CERTIFICATE NUMBER: Evidence of Insurance REVISION NUMBER:

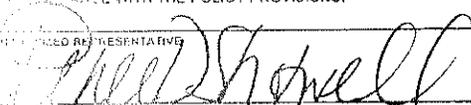
LOCATION OF PREMISES / DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ASSIGNED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN ADJUSTED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS	
A	<input checked="" type="checkbox"/> PROPERTY	PF6050814-01	06/30/2011	06/30/2012	BUILDING	\$	
	CAUSES OF LOSS				DEDUCTIBLES	PERSONAL PROPERTY	\$
	<input type="checkbox"/> BASIC				<input type="checkbox"/> BUILDING	BUSINESS INCOME	\$
	<input type="checkbox"/> BROAD				<input type="checkbox"/> CONTENTS	EXTRA EXPENSE	\$
	<input checked="" type="checkbox"/> SPECIAL					RENTAL VALUE	\$
	<input type="checkbox"/> EARTHQUAKE					BLANKET BUILDING	\$
	<input type="checkbox"/> WIND					BLANKET PERS PROP	\$
	<input type="checkbox"/> FLOOD					<input checked="" type="checkbox"/> BLANKET BLDG & PP	\$ 3,058,502
							\$
							\$
	INLAND MARINE	TYPE OF POLICY			\$		
	CAUSES OF LOSS	POLICY NUMBER			\$		
	<input type="checkbox"/> NAMED PERILS				\$		
	<input type="checkbox"/> CRIME				\$		
	TYPE OF POLICY				\$		
	<input type="checkbox"/> BOILER & MACHINERY / EQUIPMENT BREAKDOWN				\$		
A	Business Auto	PF6050814-01	06/30/2011	06/30/2012	<input checked="" type="checkbox"/> CSL Liability	\$ 1,000,000	

SPECIAL CONDITIONS / OTHER COVERAGES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Auto schedule on file, ACV. Comp Deductible \$500, Coll \$500.

CERTIFICATE HOLDER Evidence of Insurance	RELATION THE POLICIES OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN WRITING IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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