

**FRIENDLY PUBLIC SERVICE DISTRICT**

**WATER REVENUE BONDS, SERIES 2005 A  
(WEST VIRGINIA INFRASTRUCTURE FUND) AND  
WATER REVENUE BONDS, SERIES 2005 B  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY**

**DATE OF CLOSING: MARCH 11, 2005**

**BOND TRANSCRIPT**

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**FRIENDLY PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)**

**BOND TRANSCRIPT**

**Table of Contents**

**BASIC DOCUMENTS**

1. Bond Resolution
2. Supplemental Resolution
3. Series 2005 A Loan Agreement
4. Series 2005 B Loan Agreement
5. Public Service Commission Orders
6. Infrastructure and Jobs Development Council Approval
7. Cross-Receipt for Bonds and Bond Proceeds
8. Direction to Authenticate and Deliver Bonds
9. Specimen Series 2005 A Bond
10. Specimen Series 2005 B Bond

## **OPINIONS OF COUNSEL**

11. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel, on Series 2005 A Bond
12. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel, on Series 2005 B Bond
13. Opinion of Counsel to Issuer
14. Title Opinion

## **CERTIFICATES**

15. General Certificate of Issuer and Attorney
16. Certificate of Engineer, with Schedule B Attached
17. Certificate of Certified Public Accountant
18. Certificate as to Use of Proceeds
19. [RESERVED]

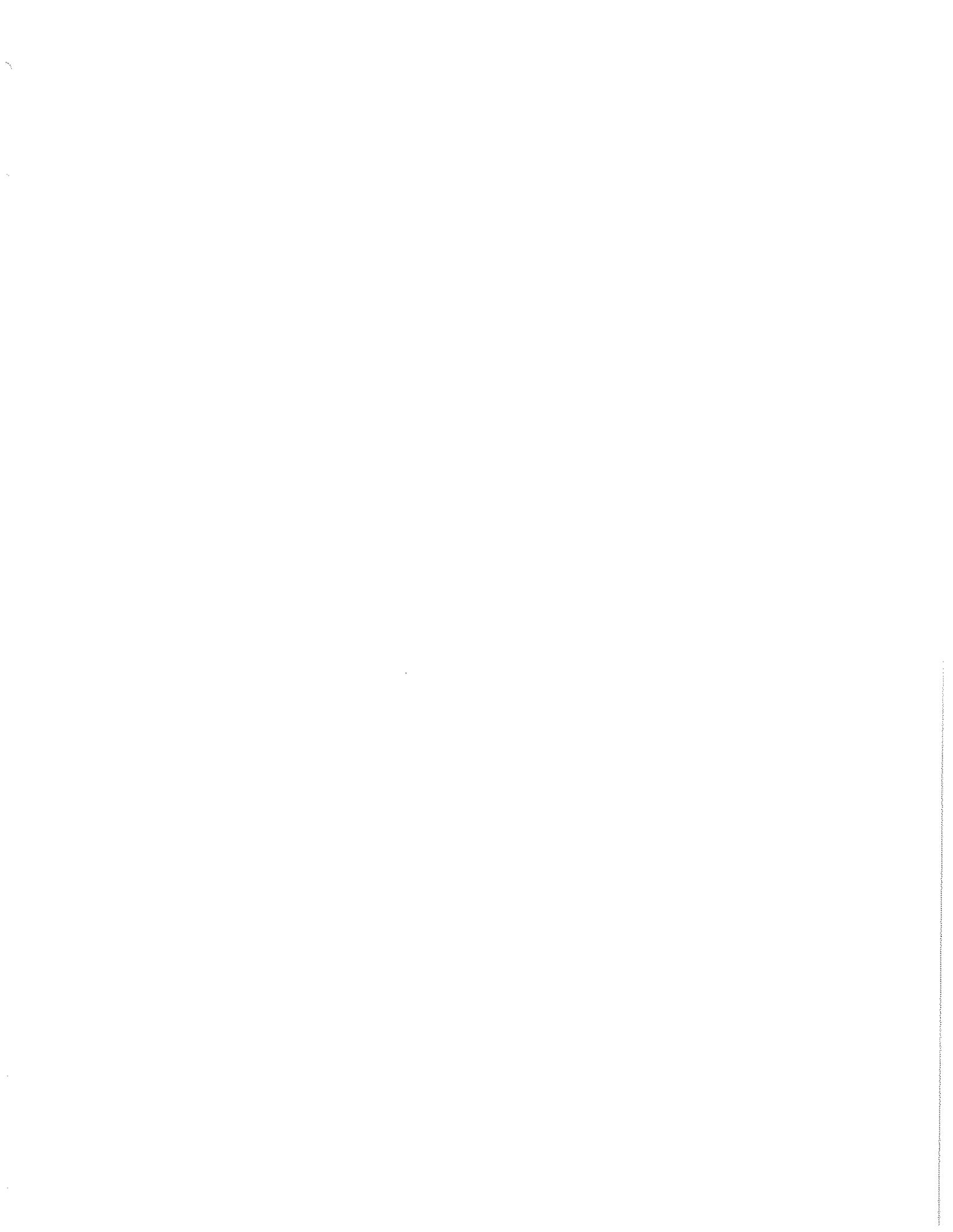
## **DOCUMENTS OF THE ISSUER**

20. County Commission and Public Service Commission Orders on the Creation and Expansion of the District
21. County Commission Orders Appointing Current Boardmembers
22. Oaths of Office of Current Boardmembers
23. Rules of Procedure
24. Affidavit of Publication on Notice of Filing
25. Minutes of Current Year Organizational Meeting
26. Minutes on Adoption of Bond Resolution, Supplemental Resolution and First Draw Resolution
27. Municipal Bond Commission New Issue Reports

## **MISCELLANEOUS DOCUMENTS**

28. Acceptance of Appointment as Depository Bank
29. Acceptance of Duties as Registrar
30. Certificate of Registration of Bonds
31. Registrar's Agreement
32. Closing Memorandum
33. Evidence of USEDA Grant
34. USDA Consent to Issuance of Parity Bonds
35. Bureau of Public Health Permit
36. A. 1994 Series A Bond Resolution  
B. 1994 Series B Bond Resolution  
C. 1997 Bonds Resolution
37. Water Purchase Agreements with City of Sistersville and GE Silicones, LLC
38. First Draw Resolution
39. Evidence of Insurance

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**FRIENDLY PUBLIC SERVICE DISTRICT**  
**WATER REVENUE BONDS, SERIES 2005 A**  
**(WEST VIRGINIA INFRASTRUCTURE FUND)**  
**AND**  
**WATER REVENUE BONDS, SERIES 2005 B**  
**(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)**  
**BOND RESOLUTION**

**Table of Contents**

<b>Subject</b>	<b>Page</b>
<b>ARTICLE I</b>	
<b>STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS</b>	
Section 1.01 Authority for this Resolution	2
Section 1.02 Findings	2
Section 1.03 Bond Legislation Constitutes Contract	4
Section 1.04 Definitions	5
<b>ARTICLE II</b>	
<b>AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT</b>	
Section 2.01 Authorization of Acquisition and Construction of the Project	14
Section 2.02 Authorization of Financing of Arrearages	14
<b>ARTICLE III</b>	
<b>AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT</b>	
Section 3.01 Authorization of Bonds	15
Section 3.02 Terms of Bonds	15
Section 3.03 Execution of Bonds	16
Section 3.04 Authentication and Registration	16
Section 3.05 Negotiability, Transfer and Registration	16
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost	17

Section 3.07	Bonds not to be Indebtedness of the Issuer	17
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds	18
Section 3.09	Delivery of Bonds	18
Section 3.10	Form of Bonds	18
	FORM OF SERIES 2005 A BOND	19
	FORM OF SERIES 2005 B BOND	27
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	35
Section 3.12	Filing of Amended Schedule	35

**ARTICLE IV  
[RESERVED]** 36

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

Section 5.01	Establishment of Funds and Accounts with Depository Bank	37
Section 5.02	Establishment of Funds and Accounts with Commission	37
Section 5.03	System Revenues; Flow of Funds	38

**ARTICLE VI  
BOND PROCEEDS; DISBURSEMENTS**

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	44
Section 6.02	Disbursements From the Bond Construction Trust Fund	45

**ARTICLE VII  
ADDITIONAL COVENANTS OF THE ISSUER**

Section 7.01	General Covenants of the Issuer	46
Section 7.02	Bonds not to be Indebtedness of the Issuer	46
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds	46
Section 7.04	Initial Schedule of Rates and Charges	46
Section 7.05	Sale of the System	47
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	48
Section 7.07	Parity Bonds	49
Section 7.08	Books; Records and Audit	51

Section 7.09	Rates	53
Section 7.10	Operating Budget and Monthly Financial Report	53
Section 7.11	Engineering Services and Operating Personnel	54
Section 7.12	No Competing Franchise	54
Section 7.13	Enforcement of Collections	54
Section 7.14	No Free Services	55
Section 7.15	Insurance and Construction Bonds	55
Section 7.16	Connections	57
Section 7.17	Completion, Operation and Maintenance of Project; Permits and Orders	57
Section 7.18	[Reserved]	57
Section 7.19	Statutory Mortgage Lien	57
Section 7.20	Compliance with Loan Agreement and Law	57
Section 7.21	Securities Laws Compliance	58
Section 7.22	Contracts; Public Releases	58

**ARTICLE VIII  
INVESTMENT OF FUNDS; USE OF PROCEEDS**

Section 8.01	Investments	59
Section 8.02	Certificate as to Use of Proceeds; Covenants as to Use of Proceeds	59

**ARTICLE IX  
DEFAULT AND REMEDIES**

Section 9.01	Events of Default	61
Section 9.02	Remedies	61
Section 9.03	Appointment of Receiver	62

**ARTICLE X  
PAYMENT OF BONDS**

Section 10.01	Payment of Bonds	64
---------------	------------------	----

**ARTICLE XI  
MISCELLANEOUS**

Section 11.01	Amendment or Modification of Bond Legislation	65
Section 11.02	Bond Legislation Constitutes Contract	65
Section 11.03	Severability of Invalid Provisions	65
Section 11.04	Headings, Etc.	65
Section 11.05	Conflicting Provisions Repealed; Prior Resolution	65
Section 11.06	Covenant of Due Procedure, Etc.	66
Section 11.07	Effective Date	66
	SIGNATURES	67
	CERTIFICATION	68
	EXHIBIT A	69

FRIENDLY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF FRIENDLY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING THE ISSUANCE OF THE WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) BY THE DISTRICT OF NOT MORE THAN \$60,000 FOR THE PURPOSES OF FUNDING THE ARREARAGES IN THE RESERVE ACCOUNTS FOR THE DISTRICT'S PRIOR BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN 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 FRIENDLY 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, Chapter 31, Article 15A and Chapter 22C, Article 1 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. Friendly Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Tyler and Wetzel Counties of said State, duly created pursuant to the Act by The County Commission of Tyler County.

B. The Issuer presently 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 and constructed certain additions, betterments, improvements and extensions to the existing public waterworks facilities of the Issuer, consisting of approximately 3.2 miles of waterline, a 578,000 gallon water storage tank that will be supplied by two 300 gpm wells located near Wells Run, along with all necessary valves, controls and appurtenances relating thereto, to serve industrial clients at the Bens Run Industrial Park and surrounding manufacturing facilities (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 determined that it would be to the benefit of the Issuer to fully fund the arrearages in the reserve accounts created for the Prior Bonds (collectively, the "Prior Bonds Reserve Accounts").

D. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project and the arrearages in the Prior Bonds Reserve Accounts through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), pursuant to the Act.

E. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, in the total aggregate principal amount of not more than \$760,000 (the "Series 2005 Bonds") in two series being the Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) (the "2005 A Bonds") and the Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) (the "Series 2005 B Bonds"), to permanently finance (i) the costs of acquisition and construction of the Project and (ii) the arrearages in the Prior Bonds Reserve Accounts. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2005 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the respective Series 2005 Bonds Reserve Account (as hereinafter defined) and the Prior Bonds Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2005 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2005 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 2005 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Series 2005 A Bonds and a loan agreement by and between the Issuer and the Authority for the Series 2005 B Bonds, in form satisfactory to the respective parties, collectively, (the "Loan Agreements"), approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 Bonds as to liens, pledge and source of and security for payment, being (i) Water Revenue Bond, Series 1994 A, dated June 22, 1994, issued in the original aggregate principal amount of \$360,000 (the "Series 1994 A Bond"); (ii) Water Revenue Bond, Series 1994 B, dated November 3, 1994, issued in the original aggregate principal amount of \$77,000 (the "Series 1994 B Bond"); and (iii) Water Revenue Bond, Series 1997, dated June 11, 1997, issued in the original aggregate principal amount of \$500,000 (the

"Series 1997 Bond"). The Series 1994 A Bond, Series 1994 B Bond and Series 1997 Bond are hereinafter collectively referred to as the "Prior Bonds." The Prior Bonds are currently held by RUS.

Prior to the issuance of the Series 2005 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2005 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.

I. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2005 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

J. 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 2005 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2005 Bonds or such final order will not be subject to appeal.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 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 Bondholders, 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 Bondholders of any and all of such Series 2005 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, collectively, Chapter 16, Article 13A, Chapter 31, Article 15A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2005 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2005 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 2005 Bonds for all or a portion of the proceeds of the Series 2005 Bonds from the Authority.

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

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

"Consulting Engineers" means Cerrone Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time 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 1.02E hereof to be a part of the cost of financing the arrearages in the Prior Bonds Reserve Accounts and the cost of acquisition and construction of the Project.

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

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

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

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

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

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

"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 Friendly Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Tyler and Wetzel Counties, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreements" means the Loan Agreements heretofore entered, or to be entered, by and between (i) the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2005 A Bonds and (ii) the Issuer and the Authority, providing for the purchase of the Series 2005 B 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 2005 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the respective Series 2005 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 2005 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein after 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 canceled 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 Parity Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity designated as such for the Series 2005 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Series 1994 A Bond, Series 1994 B Bond and Series 1997 Bond, as described in Section 1.02G hereof.

"Prior Bonds Reserve Accounts" means, collectively, the Series 1994 A Bonds Reserve Account, the Series 1994 B Bonds Reserve Account and the Series 1997 Bonds Reserve Account.

"Prior Resolution" means, collectively, the resolutions adopted by the Issuer, as supplemented by the supplemental resolutions 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 1.02(B) 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, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2005 Bonds and Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in the respective Reserve Accounts for the Series 2005 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 1994 A Bond" means the outstanding Water Revenue Bond, Series 1994 A, of the Issuer, dated June 22, 1994, issued in the original principal amount of \$360,000, described in Section 1.02H hereof.

"Series 1994 A Bonds Reserve Account" means the Series 1994 A Bonds Reserve Account created by the Prior Resolution at the Depository Bank and hereby transferred to the Commission pursuant to Section 5.02 hereof.

"Series 1994 B Bond" means the outstanding Water Revenue Bond, Series 1994 B, of the Issuer, dated November 3, 1994, issued in the original principal amount of \$77,000, described in Section 1.02H hereof.

"Series 1994 B Bonds Reserve Account" means the Series 1994 B Bonds Reserve Account created by the Prior Resolution at the Depository Bank and hereby transferred to the Commission pursuant to Section 5.02 hereof.

"Series 1997 Bond" means the outstanding Water Revenue Bond, Series 1997, of the Issuer, dated June 11, 1997, issued in the original principal amount of \$500,000, described in Section 1.02H hereof.

"Series 1997 Bonds Reserve Account" means the Series 1997 Bonds Reserve Account created by the Prior Resolution at the Depository Bank and hereby transferred to the Commission pursuant to Section 5.02 hereof.

"Series 2005 Bonds Construction Trust Fund" means the Series 2005 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2005 A Bonds" means the Issuer's Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), authorized to be issued hereby.

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account established pursuant to Section 5.02 hereof.

"Series 2005 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 A Bonds in the then current or any succeeding year.

"Series 2005 A Bonds Sinking Fund" means the Series 2005 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2005 B Bonds" means the Issuer's Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), authorized to be issued hereby.

"Series 2005 B Bonds Reserve Account" means the Series 2005 B Bonds Reserve Account established pursuant to Section 5.02 hereof.

"Series 2005 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 2005 B Bonds in the then current or any succeeding year.

"Series 2005 B Bonds Sinking Fund" means the Series 2005 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2005 A Bonds, the Series 2005 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2005 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2005 Bonds, and not so included, may be included in another Supplemental Resolution.

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

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

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$1,860,000, 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 2005 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority and the Council.

Section 2.02. Authorization of Financing of Arrearages.

There is hereby authorized and ordered the financing of the arrearages in the Prior Bonds Reserve Accounts, which will be paid from a portion of the proceeds of the Series 2005 B Bonds.

The cost of the financing of the arrearages and the Project is estimated to be \$1,860,000, of which not more than \$700,000 will be obtained from the proceeds of the Series 2005 A Bonds, not more than \$60,000 will be obtained from the proceeds of the Series 2005 B Bonds, and \$1,100,000 from a grant by the United States Economic Development Authority.

### ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2005 Bonds, funding reserve accounts for the Series 2005 Bonds, paying arrearages in the Prior Bonds Reserve Accounts, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2005 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2005 Bonds of the Issuer. The Series 2005 Bonds shall be issued in two series, designated as "Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)," in the principal amount of not more than \$700,000 and "Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority)" in the principal amount of not more than \$60,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2005 Bonds remaining after funding the Prior Bonds Reserve Accounts, the Series 2005 Bonds Reserve Accounts (if funded from Bond proceeds) and capitalization of interest on the Series 2005 Bonds, if any, shall be deposited in or credited to the Series 2005 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2005 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 Loan Agreements. The Series 2005 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2005 Bonds, if any, shall be paid by check or draft of the Paying Agent, or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2005 Bonds shall be issued in the form of two bonds, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2005 Bonds. The Series 2005 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 bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2005 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 Bonds shall cease to be such officer of the Issuer before the Series 2005 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2005 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 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 Bonds, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bonds shall be conclusive evidence that such Bonds have been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on the Series 2005 Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2005 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2005 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 2005 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

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

In all cases in which the privilege of exchanging Series 2005 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 canceled 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 the Series 2005 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, registrar 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 canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2005 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 Bonds shall ever have the right to compel the exercise

of the taxing power of the Issuer, if any, to pay the Series 2005 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 2005 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, if any, on and other payments for the Series 2005 Bonds and the Prior Bonds, and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2005 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2005 Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2005 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, register and deliver the Series 2005 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreements; and
- E. The unqualified approving opinion of bond counsel on the Series 2005 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2005 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2005 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
FRIENDLY PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 2005 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

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

KNOW ALL MEN BY THESE PRESENTS: That on this the \_\_\_\_ day of March, 2005, FRIENDLY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Tyler and Wetzel Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of \_\_\_\_\_ 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 March \_\_\_\_, 2005.

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 \_\_\_\_\_, 2005, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S: (1) WATER REVENUE BOND, SERIES 1994 A, DATED JUNE 22, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$360,000; (2) WATER REVENUE BOND, SERIES 1994 B, DATED NOVEMBER 3, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$77,000; (3) WATER REVENUE BOND, SERIES 1997, DATED JUNE 11, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$500,000; AND (4) WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED \_\_\_\_\_, 2005, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ (COLLECTIVELY, THE "FIRST LIEN 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 First Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds; provided however, that so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any,

which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, 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 wet lands to produce an agriculture 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, FRIENDLY 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 as of the day and year first written above.

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2005 A Bond 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: March \_\_\_\_, 2005.

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

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 2005 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
FRIENDLY PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2005 B  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR- \_\_\_\_\_

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

KNOW ALL MEN BY THESE PRESENTS: That on this the \_\_\_\_ day of \_\_\_\_\_, 2005, FRIENDLY PUBLIC SERVICE DISTRICT, a public service district, a public corporation and political subdivision of the State of West Virginia in Tyler and Wetzel Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), in annual installments on October 1 of each year, commencing \_\_\_\_\_ 1, 200\_\_\_\_, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing \_\_\_\_\_ 1, 200\_\_\_\_, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated \_\_\_\_\_, 2005.

This Bond is issued (i) to pay arrearages in and fully fund the Prior Bonds Reserve Accounts; and (ii) to pay certain costs of issuance of 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on \_\_\_\_\_, 2005, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S: (1) WATER REVENUE BOND, SERIES 1994 A, DATED JUNE 22, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$360,000; (2) WATER REVENUE BOND SERIES 1994 B, DATED NOVEMBER 3, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$77,000; (3) WATER REVENUE BOND, SERIES 1997, DATED JUNE 11, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$500,000; AND (4) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED \_\_\_\_\_, 2005, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AMOUNT OF \$ \_\_\_\_\_ (COLLECTIVELY, THE "FIRST LIEN 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 First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest 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 hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2005 B Bond 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 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 First Lien Bonds; provided however, that so long as there exists in the Series 2005 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest 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 First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to paying arrearages in and fully funding the Prior Bonds Reserve Accounts 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 wet lands to produce an agriculture commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond 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 and interest on this Bond.

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

IN WITNESS WHEREOF, FRIENDLY 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 as of the day and year first written above.

[SEAL]

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Chairman

ATTEST:

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Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 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: \_\_\_\_\_, 2005.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

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

EXHIBIT A

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 Series 2005 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. The Loan Agreements, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

## ARTICLE V

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

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

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

- (1) Revenue Fund (established by Prior Resolutions and continued hereby);
- (2) Depreciation Fund (established by the Prior Resolutions and continued hereby);
- (3) Series 2005 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 1994 A Bonds Reserve Account (created by the Prior Resolution at the Depository Bank and hereby transferred to the Commission);
- (2) Series 1994 B Bonds Reserve Account (created by the Prior Resolution at the Depository Bank and hereby transferred to the Commission);
- (3) Series 1997 Bonds Reserve Account (created by the Prior Resolution at the Depository Bank and hereby transferred to the Commission);
- (4) Series 2005 A Bonds Sinking Fund;
- (5) Series 2005 A Bonds Reserve Account;
- (6) Series 2005 B Sinking Fund; and
- (7) Series 2005 B Bonds Reserve Account.

Section 5.03.      System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the 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 monies in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, each month, transfer from the Revenue Fund and (i) make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; and (ii) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 2005 B Bonds for which interest has not been capitalized or as required in the Loan Agreement, remit to the Commission for deposit in the Series 2005 B Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2005 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and (i) make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Resolutions; (ii) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, remit to the Commission for deposit in the Series 2005 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly

principal payment date, the required amount of principal coming due on such date; and (iii) on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 2005 B Bonds, remit to the Commission for deposit in the Series 2005 B Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2005 B Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Commission (i) for deposit in the Prior Bonds Reserve Accounts the amounts required by the Prior Resolutions; (ii) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, if not fully funded upon issuance of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 A Bonds Reserve Requirement, until the amount in the Series 2005 A Bonds Reserve Account equals the Series 2005 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2005 A Bonds Reserve Requirement; and (iii) on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 2005 B Bonds, if not fully funded upon issuance of the Series 2005 B Bonds, for deposit in the Series 2005 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 B Bonds Reserve Requirement, until the amount in the Series 2005 B Bonds Reserve Account equals the Series 2005 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2005 B Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, (i) the amounts required by the Prior Resolutions to be deposited therein; and (ii) an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Accounts, so long as the Series 2005 Bonds are outstanding. All funds in the Depreciation Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvest in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Fund for replacements, 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 Fund.

(6) 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 of the System.

Monies in the Series 2005 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds, as the same shall become due. Monies in the Series 2005 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds, as the same shall come due, when other monies in the Series 2005 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2005 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2005 A Bonds, and then to the next ensuing principal payment due thereon.

Monies in the Series 2005 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 B Bonds, as the same shall become due. Monies in the Series 2005 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 B Bonds, as

the same shall come due, when other monies in the Series 2005 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2005 B Bonds Sinking Fund and the Series 2005 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2005 B Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2005 A Bonds Reserve Account or Series 2005 B Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2005 A Bonds Reserve Requirement or Series 2005 B Bonds Reserve Requirement, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2005 Bonds are issued, provision shall be made for additional payments into the respective sinking fund 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 account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2005 A Bonds Sinking Fund or the Series 2005 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2005 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 2005 B Bonds Sinking Fund or the Series 2005 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2005 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2005 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2005 A Bonds Sinking Fund, Series 2005 B Bonds Sinking Fund, Series 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into

said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the respective Series 2005 Bonds Sinking Funds and the Series 2005 Bonds Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The respective Series 2005 Bonds Sinking Fund and the Series 2005 Bonds Reserve Accounts shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Series 2005 Bonds, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2005 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 such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "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 anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the maximum amounts insured by FDIC in 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 herein above 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.

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2005 Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

## ARTICLE VI

### BOND PROCEEDS; DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. A. From the monies received from the sale of the Series 2005 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2005 A Bonds, there shall first be deposited with the Commission in the Series 2005 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2005 A Bonds for the period commencing on the date of issuance of the Series 2005 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

(b) Next, from the proceeds of the Series 2005 A Bonds, there shall be deposited with the Commission in the Series 2005 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2005 A Bonds Reserve Account.

(c) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2005 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2005 Bonds Construction Trust Fund and applied solely to payment of the costs of the acquisition and construction of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2005 A Bonds.

(d) After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2005 A Bonds shall be applied as directed by the Council.

B. From the monies received from the sale of the Series 2005 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2005 B Bonds, there shall first be deposited with the Commission in the Series 2005 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2005 B Bonds Reserve Account.

(b) Next, from the proceeds of the Series 2005 B Bonds, there shall be deposited with the Commission in the respective Prior Bonds Reserve Accounts the amounts set forth in the Supplemental Resolution to fully fund each Prior Bonds Reserve Account to the amount required by the Prior Resolutions.

(c) Any remaining proceeds of the Series 2005 B Bonds shall be deposited in the Series 2005 Bonds Construction Trust Fund and used first to pay costs of issuance and, then to pay costs of the Project.

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

Except as provided in Section 6.01 hereof, disbursements of the Series 2005 A Bonds proceeds from the Series 2005 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 2005 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 2005 A Bonds within 3 years of the date of issuance of the Council's Bonds, the proceeds of which were used to make the loan to the Issuer.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2005 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2005 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2005 A Bonds shall not 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 2005 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2005 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 2005 Bonds shall be secured by a first lien on such Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2005 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered January 13, 2005, in Case No. 04-0059-PWD-30B.

So long as the Series 2005 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2005 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the 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 2005 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2005 Bonds, immediately be remitted to the Commission for deposit in the Series 2005 Bonds Sinking Funds, 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 Series 2005 Bonds. Any balance remaining after the payment of the Series 2005 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 Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with a professional engineer that such property comprising

a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into such account 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 for in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2005 Bonds. All obligations issued by the Issuer after the issuance of the Series 2005 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, and source of and security for payment from such revenues and in all other respects, to the Series 2005 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2005 Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2005 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, for the Project or any other obligations related to the Project or the System.

Section 7.07.      Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2005 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

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

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

So long as the Prior Bonds 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, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature

and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2005 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this

section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2005 Bonds.

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

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

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

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

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

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2005 Bonds, and shall mail in each year to any Holder or Holders of the Series 2005 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2005 Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2005 Bonds. Such audit report submitted to the Authority and the Council shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09.      Rates. Prior to the issuance of the Series 2005 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2005 Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2005 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the Council and to any Holder of any Bonds, or anyone acting for and 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 Agreement, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

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

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

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

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or

authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2005 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 Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and

maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer 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 OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing 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 any additions, extensions or improvements for the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) 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.

(5) 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.

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Council. 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 insurance 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, Operation and Maintenance 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 shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2005 Bonds are outstanding.

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 Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2005 Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. [RESERVED].

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2005 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2005 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreements and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions 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 Authority, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2005 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2005 Bonds held in "contingency" as set forth in the schedule attached to the Certificate of Consulting Engineer. The Issuer shall also obtain ~~the~~ written approval of the Council before expending any proceeds of the Series 2005 Bonds made available due to bid or construction or project underruns.

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

## ARTICLE VIII

### INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2005 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2005 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to the Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2005 A Bonds as a condition to issuance of the Series 2005 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2005 A Bonds as 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 2005 A 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 2005 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2005 A Bonds and any additional information requested by the Authority.

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01.      Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2005 Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2005 Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2005 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2005 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, or Paying Agent, or any other Paying Agent or a Holder of a Bond; or
- (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 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the holders of the Series 2005 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 Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and

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

## ARTICLE X

### PAYMENT OF BONDS

Section 10.01.     Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2005 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2005 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2005 A Bonds from gross income for federal income tax purposes.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2005 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2005 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2005 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2005 Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2005 Bonds.

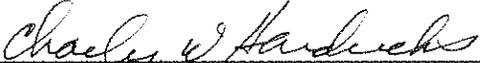
Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

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 in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted this 28th day of February, 2005.

  
Charles W. Hardwick  
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board  
of FRIENDLY PUBLIC SERVICE DISTRICT on the February 28, 2005.

Dated: March 11, 2005.

[SEAL]

  
Secretary

02/25/05  
311200.00002

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.



FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund)  
and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF FRIENDLY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO THE BONDS; AUTHORIZING AND APPROVING THE SALE OF THE BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; MAKING OTHER PROVISIONS AS TO THE BONDS; AND PROVIDING FOR THE TRANSFER OF THE PRIOR BONDS RESERVE ACCOUNTS.

WHEREAS, the Public Service Board (the "Governing Body") of Friendly Public Service District (the "Issuer") has duly and officially adopted a bond resolution, on February 28, 2005 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF FRIENDLY PUBLIC SERVICE DISTRICT AND THE

FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING THE ISSUANCE OF THE WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) BY THE DISTRICT OF NOT MORE THAN \$60,000 FOR THE PURPOSES OF FUNDING THE ARREARAGES IN THE RESERVE ACCOUNTS FOR THE DISTRICT'S PRIOR BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN 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, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer (the "Series 2005 A Bonds") and the Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) (the "Series 2005 B Bonds," and collectively with the Series 2005 A Bonds, the "Series 2005 Bonds"), in the principal amount not to exceed \$700,000 and \$60,000, respectively, and has authorized the execution and delivery of the loan agreement relating to the Series 2005 A Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the loan agreement relating to the Series 2005 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority (collectively, the "Loan Agreements"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreements and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale prices and other terms of the Series 2005 Bonds should be established by

a supplemental resolution pertaining to the Series 2005 B Bonds; and that other matters relating to the Series 2005 B Bonds be herein provided for;

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

WHEREAS, the Series 2005 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 ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates, the sale price and other terms of the Series 2005 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2005 Bonds be herein provided for.

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

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

A. Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$300,000. The Series 2005 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2045, and shall bear no interest. The principal of the Series 2005 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006 and maturing March 1, 2045, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2005 A Bonds. The Series 2005 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2005 A Bonds.

B. Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$40,000. The Series 2005 B Bonds shall be dated the date of delivery

thereof, shall finally mature October 1, 2011, and shall bear interest at the rate of 5.0% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005. The principal of the Series 2005 B Bonds shall be payable annually on October 1 of each year, commencing October 1, 2005 and maturing October 1, 2011, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2005 B Bonds. The Series 2005 B Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2005 B Bonds.

Section 2. All other provisions relating to the Series 2005 Bonds and the text of the Series 2005 Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreements, including all schedules and exhibits attached thereto, copies of which are 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 application to the Council and the Authority. The price of the Series 2005 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2005 A 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 2005 Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2005 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 2005 Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate WesBanco Bank, Inc., New Martinsville, West Virginia to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2005 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2005 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2005 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2005 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2005 A Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2005 Bonds Construction Trust Fund for payment of the costs of the acquisition and construction of the Project, including, without limitation, costs of issuance of the Series 2005 A Bonds and related costs.

Section 10. Pursuant to Section 5.02 of the Bond Resolution and with the consent of the Registered Owners of the Prior Bonds, the Issuer hereby approves and directs the transfer of the Prior Bonds Reserve Accounts from the Depository Bank to the Commission on the Closing Date as further set forth below.

Section 11. In connection with the Series 1994 A Bonds Reserve Account, (i) \$978 shall be transferred from the Depository Bank to the Commission; and (ii) \$18,408 from the proceeds of the Series 2005 B Bond shall be deposited with the Commission. The total amount of \$19,386 is sufficient to fully fund the Series 1994 A Bonds Reserve Account to the amount required by the Prior Resolutions.

Section 12. In connection with the Series 1994 B Bonds Reserve Account, (i) \$503 shall be transferred from the Depository Bank to the Commission; and (ii) \$3,745 from the proceeds of the Series 2005 B Bonds shall be deposited with the Commission. The total amount of \$4,248 is sufficient to fully fund the Series 1994 B Bonds Reserve Account to the amount required by the Prior Resolutions.

Section 13. In connection with the Series 1997 Bonds Reserve Account, (i) \$10,245 shall be transferred from the Depository Bank to the Commission; and (ii) \$9,892 from the proceeds of the Series 2005 B Bonds shall be deposited with the Commission. The total amount of \$20,137 is sufficient to fully fund the Series 1997 Bonds Reserve Account to the amount required by the Prior Resolutions.

Section 14. Series 2005 B Bonds proceeds in the amount of \$7,301 shall be deposited in the Series 2005 B Bonds Reserve Account. Any remaining proceeds of the Series 2005 B Bonds shall be deposited in the Series 2005 Bonds Construction Trust Fund and used first to pay costs of issuance and then to pay costs of the Project.

Section 15. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2005 Bonds may be delivered on or about March 11, 2005, to the Authority pursuant to the Loan Agreements.

Section 16. The acquisition and construction of the Project and the financing thereof, in part with proceeds of the Series 2005 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 17. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Series 2005 Bonds, 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 Series 2005 Bonds Sinking Funds, including the Series 2005 Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 18. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

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

Adopted this 28th day of February, 2005.

FRIENDLY PUBLIC SERVICE DISTRICT

By: Chaely W. Hendricks  
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Friendly Public Service District on this 28th day of February, 2005.

Dated: March 11, 2005.

[SEAL]

  
Secretary

02/28/05  
311200.00002

WDA-SF  
(11/01/04)

LOAN AGREEMENT

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

FRIENDLY PUBLIC SERVICE DISTRICT  
(Governmental Agency)

WITNESSETH:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Supplemental Fund of the Authority, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions

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

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto.

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

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined,

to evidence the Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

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

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

1.8 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

## ARTICLE II

### The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things

necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and shall verify or shall have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the

completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

### ARTICLE III

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

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

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

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

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act;

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

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

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

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

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

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

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

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

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

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

## ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the

System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

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

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

(b) Covenants substantially as follows:

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

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

(iii) That the Governmental Agency shall complete the Project, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

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

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

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

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

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

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

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

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

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

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

the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

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

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

(xix) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to 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;

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

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

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

(xxiii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross

proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request, or, if applicable, the Governmental Agency shall annually furnish to the Authority such information with respect to the Governmental Agency's use of the proceeds of the Local Bonds and any additional information requested by the Authority;

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer;

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

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State of West Virginia;

(xxvii) That, as a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a tax and non-arbitrage certificate or a certificate with respect to the used of proceeds of the Local Bonds satisfactory to the Authority; and

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

employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

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

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

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

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

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

4.6 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority.

## ARTICLE V

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

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

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by the Governmental Agency in the terms and covenants of this Loan Agreement, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

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

6.3 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

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

6.5 Notwithstanding Section 6.4, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or

other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

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

FRIENDLY PUBLIC SERVICE DISTRICT

(SEAL)

By: Charles W. Henderson  
Its: Chairman  
Date: March 11, 2005

Attest:

Robert Pittman  
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By: Daniel B. Yorkosh  
Its: Director  
Date: March 11, 2005

Attest:

Barbara B. Meadows  
Its: Secretary-Treasurer

00832/00302  
11/01/04

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

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

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

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

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

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

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

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

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

[SEAL]

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

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated \_\_\_\_\_, \_\_\_\_\_, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated \_\_\_\_\_, \_\_\_\_\_ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$\_\_\_\_\_, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, at the rate of \_\_\_% per annum, and with principal payable annually on October 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

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

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

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

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

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

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

[Name of Governmental Agency]

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

Enclosure: copy of check(s)

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$40,000  
Purchase Price of Local Bonds \$40,000

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at an interest rate of 3% first two years, 4% next three years, and 5% last five years per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

1. Water Revenue Bond, Series 1994 A, dated June 22, 1994, issued in the original aggregate principal amount of \$360,000.
2. Water Revenue Bond, Series 1994 B, dated November 3, 1994, issued in the original aggregate principal amount of \$77,000.
3. Water Revenue Bond, Series 1997, dated June 11, 1997, issued in the original aggregate principal amount of \$500,000.
4. Water Revenue Bond, Series 2005 A, (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of \$300,000.

SCHEDULE Y

**\$40,000 (WDA Supplemental Fund)**

Friendly Public Service District

6 Years; 5.0% Interest Rate

Closing Date: March 11, 2005

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
04/01/2005	-	-	-	-
10/01/2005	2,945.00	5.000%	1,111.11	4,056.11
04/01/2006	-	-	926.38	926.38
10/01/2006	5,448.00	5.000%	926.38	6,374.38
04/01/2007	-	-	790.18	790.18
10/01/2007	5,720.00	5.000%	790.18	6,510.18
04/01/2008	-	-	647.18	647.18
10/01/2008	6,006.00	5.000%	647.18	6,653.18
04/01/2009	-	-	497.03	497.03
10/01/2009	6,306.00	5.000%	497.03	6,803.03
04/01/2010	-	-	339.38	339.38
10/01/2010	6,622.00	5.000%	339.38	6,961.38
04/01/2011	-	-	173.83	173.83
10/01/2011	6,953.00	5.000%	173.83	7,126.83
<b>Total</b>	<b>\$40,000.00</b>	<b>-</b>	<b>\$7,859.07</b>	<b>\$47,859.07</b>

**Yield Statistics**

Bond Year Dollars	\$157.18
Average Life	3.930 Years
Average Coupon	5.0000375%
Net Interest Cost (NIC)	5.0000375%
True Interest Cost (TIC)	4.9989571%
Bond Yield for Arbitrage Purposes	4.9989571%
All Inclusive Cost (AIC)	4.9989571%

**IRS Form 8038**

Net Interest Cost	5.0000375%
Weighted Average Maturity	3.930 Years

SCHEDULE Z

None.



IC-1  
(11/01/04)

LOAN AGREEMENT

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

FRIENDLY PUBLIC SERVICE DISTRICT  
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

2.4 The Governmental Agency agrees that the Authority and the Council and their duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and the Council and their duly authorized agents

and representatives shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is

outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

### ARTICLE III

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

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

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

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

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

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

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

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

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

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and the Council shall have received a certificate of the accountant for the Governmental Agency,

or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

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

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

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

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

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

Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council;

provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is

adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

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

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

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

following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

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

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

FRIENDLY PUBLIC SERVICE DISTRICT

(SEAL)

Attest:

*R. A. Patton*  
Its: Secretary

By: *Charles W. Hendricks*  
Its: Chairperson  
Date: March 11, 2005

(SEAL)

Attest:

*Barbara B. Meadows*  
Its: Secretary-Treasurer

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY  
By: *Daniel B. Zankash*  
Its: Director  
Date: March 11, 2005

02/25/05  
000832/00466

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

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

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

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

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

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

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

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

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

[SEAL]

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

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

-22-

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

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

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

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

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

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

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

[Name of Governmental Agency]

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

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$300,000  
Purchase Price of Local Bonds \$300,000

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

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

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

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

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

1. Water Revenue Bond, Series 1994 A, dated June 22, 1994, issued in the original aggregate principal amount of \$360,000.
2. Water Revenue Bond, Series 1994 B, dated November 3, 1994, issued in the original aggregate principal amount of \$77,000.
3. Water Revenue Bond, Series 1997, dated June 11, 1997, issued in the original aggregate principal amount of \$500,000.
4. Water Revenue Bond, Series 2005 B, (West Virginia Water Development Authority), dated March 11, 2005, issued in the original aggregate principal amount of \$40,000.

SCHEDULE Y

**\$300,000**

Friendly Public Service District  
 40 Years from Closing Date; 0% Interest Rate  
 Closing Date: March 11, 2005

**Debt Service Schedule**

Part 1 of 4

Date	Principal	Coupon	Total P+I
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	1,935.49	-	1,935.49
12/01/2006	1,935.49	-	1,935.49
03/01/2007	1,935.49	-	1,935.49
06/01/2007	1,935.49	-	1,935.49
09/01/2007	1,935.49	-	1,935.49
12/01/2007	1,935.49	-	1,935.49
03/01/2008	1,935.49	-	1,935.49
06/01/2008	1,935.49	-	1,935.49
09/01/2008	1,935.49	-	1,935.49
12/01/2008	1,935.49	-	1,935.49
03/01/2009	1,935.49	-	1,935.49
06/01/2009	1,935.49	-	1,935.49
09/01/2009	1,935.49	-	1,935.49
12/01/2009	1,935.49	-	1,935.49
03/01/2010	1,935.49	-	1,935.49
06/01/2010	1,935.49	-	1,935.49
09/01/2010	1,935.49	-	1,935.49
12/01/2010	1,935.49	-	1,935.49
03/01/2011	1,935.49	-	1,935.49
06/01/2011	1,935.49	-	1,935.49
09/01/2011	1,935.49	-	1,935.49
12/01/2011	1,935.49	-	1,935.49
03/01/2012	1,935.49	-	1,935.49
06/01/2012	1,935.49	-	1,935.49
09/01/2012	1,935.49	-	1,935.49
12/01/2012	1,935.49	-	1,935.49
03/01/2013	1,935.49	-	1,935.49
06/01/2013	1,935.49	-	1,935.49
09/01/2013	1,935.49	-	1,935.49
12/01/2013	1,935.49	-	1,935.49
03/01/2014	1,935.49	-	1,935.49
06/01/2014	1,935.49	-	1,935.49
09/01/2014	1,935.49	-	1,935.49
12/01/2014	1,935.49	-	1,935.49
03/01/2015	1,935.49	-	1,935.49
06/01/2015	1,935.49	-	1,935.49
09/01/2015	1,935.49	-	1,935.49
12/01/2015	1,935.49	-	1,935.49
03/01/2016	1,935.49	-	1,935.49

**\$300,000**

Friendly Public Service District  
40 Years from Closing Date; 0% Interest Rate  
Closing Date: March 11, 2005

**Debt Service Schedule**

Part 2 of 4

Date	Principal	Coupon	Total P+I
06/01/2016	1,935.49	-	1,935.49
09/01/2016	1,935.49	-	1,935.49
12/01/2016	1,935.49	-	1,935.49
03/01/2017	1,935.49	-	1,935.49
06/01/2017	1,935.49	-	1,935.49
09/01/2017	1,935.49	-	1,935.49
12/01/2017	1,935.49	-	1,935.49
03/01/2018	1,935.49	-	1,935.49
06/01/2018	1,935.49	-	1,935.49
09/01/2018	1,935.49	-	1,935.49
12/01/2018	1,935.49	-	1,935.49
03/01/2019	1,935.49	-	1,935.49
06/01/2019	1,935.49	-	1,935.49
09/01/2019	1,935.49	-	1,935.49
12/01/2019	1,935.49	-	1,935.49
03/01/2020	1,935.49	-	1,935.49
06/01/2020	1,935.49	-	1,935.49
09/01/2020	1,935.49	-	1,935.49
12/01/2020	1,935.49	-	1,935.49
03/01/2021	1,935.49	-	1,935.49
06/01/2021	1,935.49	-	1,935.49
09/01/2021	1,935.48	-	1,935.48
12/01/2021	1,935.48	-	1,935.48
03/01/2022	1,935.48	-	1,935.48
06/01/2022	1,935.48	-	1,935.48
09/01/2022	1,935.48	-	1,935.48
12/01/2022	1,935.48	-	1,935.48
03/01/2023	1,935.48	-	1,935.48
06/01/2023	1,935.48	-	1,935.48
09/01/2023	1,935.48	-	1,935.48
12/01/2023	1,935.48	-	1,935.48
03/01/2024	1,935.48	-	1,935.48
06/01/2024	1,935.48	-	1,935.48
09/01/2024	1,935.48	-	1,935.48
12/01/2024	1,935.48	-	1,935.48
03/01/2025	1,935.48	-	1,935.48
06/01/2025	1,935.48	-	1,935.48
09/01/2025	1,935.48	-	1,935.48
12/01/2025	1,935.48	-	1,935.48
03/01/2026	1,935.48	-	1,935.48
06/01/2026	1,935.48	-	1,935.48
09/01/2026	1,935.48	-	1,935.48
12/01/2026	1,935.48	-	1,935.48
03/01/2027	1,935.48	-	1,935.48

**\$300,000**

Friendly Public Service District  
40 Years from Closing Date; 0% Interest Rate  
Closing Date: March 11, 2005

**Debt Service Schedule**

Part 3 of 4

Date	Principal	Coupon	Total P+I
06/01/2027	1,935.48	-	1,935.48
09/01/2027	1,935.48	-	1,935.48
12/01/2027	1,935.48	-	1,935.48
03/01/2028	1,935.48	-	1,935.48
06/01/2028	1,935.48	-	1,935.48
09/01/2028	1,935.48	-	1,935.48
12/01/2028	1,935.48	-	1,935.48
03/01/2029	1,935.48	-	1,935.48
06/01/2029	1,935.48	-	1,935.48
09/01/2029	1,935.48	-	1,935.48
12/01/2029	1,935.48	-	1,935.48
03/01/2030	1,935.48	-	1,935.48
06/01/2030	1,935.48	-	1,935.48
09/01/2030	1,935.48	-	1,935.48
12/01/2030	1,935.48	-	1,935.48
03/01/2031	1,935.48	-	1,935.48
06/01/2031	1,935.48	-	1,935.48
09/01/2031	1,935.48	-	1,935.48
12/01/2031	1,935.48	-	1,935.48
03/01/2032	1,935.48	-	1,935.48
06/01/2032	1,935.48	-	1,935.48
09/01/2032	1,935.48	-	1,935.48
12/01/2032	1,935.48	-	1,935.48
03/01/2033	1,935.48	-	1,935.48
06/01/2033	1,935.48	-	1,935.48
09/01/2033	1,935.48	-	1,935.48
12/01/2033	1,935.48	-	1,935.48
03/01/2034	1,935.48	-	1,935.48
06/01/2034	1,935.48	-	1,935.48
09/01/2034	1,935.48	-	1,935.48
12/01/2034	1,935.48	-	1,935.48
03/01/2035	1,935.48	-	1,935.48
06/01/2035	1,935.48	-	1,935.48
09/01/2035	1,935.48	-	1,935.48
12/01/2035	1,935.48	-	1,935.48
03/01/2036	1,935.48	-	1,935.48
06/01/2036	1,935.48	-	1,935.48
09/01/2036	1,935.48	-	1,935.48
12/01/2036	1,935.48	-	1,935.48
03/01/2037	1,935.48	-	1,935.48
06/01/2037	1,935.48	-	1,935.48
09/01/2037	1,935.48	-	1,935.48
12/01/2037	1,935.48	-	1,935.48
03/01/2038	1,935.48	-	1,935.48

**\$300,000**

Friendly Public Service District  
40 Years from Closing Date; 0% Interest Rate  
Closing Date: March 11, 2005

**Debt Service Schedule**

Part 4 of 4

Date	Principal	Coupon	Total P+I
06/01/2038	1,935.48	-	1,935.48
09/01/2038	1,935.48	-	1,935.48
12/01/2038	1,935.48	-	1,935.48
03/01/2039	1,935.48	-	1,935.48
06/01/2039	1,935.48	-	1,935.48
09/01/2039	1,935.48	-	1,935.48
12/01/2039	1,935.48	-	1,935.48
03/01/2040	1,935.48	-	1,935.48
06/01/2040	1,935.48	-	1,935.48
09/01/2040	1,935.48	-	1,935.48
12/01/2040	1,935.48	-	1,935.48
03/01/2041	1,935.48	-	1,935.48
06/01/2041	1,935.48	-	1,935.48
09/01/2041	1,935.48	-	1,935.48
12/01/2041	1,935.48	-	1,935.48
03/01/2042	1,935.48	-	1,935.48
06/01/2042	1,935.48	-	1,935.48
09/01/2042	1,935.48	-	1,935.48
12/01/2042	1,935.48	-	1,935.48
03/01/2043	1,935.48	-	1,935.48
06/01/2043	1,935.48	-	1,935.48
09/01/2043	1,935.48	-	1,935.48
12/01/2043	1,935.48	-	1,935.48
03/01/2044	1,935.48	-	1,935.48
06/01/2044	1,935.48	-	1,935.48
09/01/2044	1,935.48	-	1,935.48
12/01/2044	1,935.48	-	1,935.48
03/01/2045	1,935.48	-	1,935.48
<b>Total</b>	<b>\$300,000.00</b>	<b>-</b>	<b>\$300,000.00</b>

**Yield Statistics**

Bond Year Dollars	\$6,216.66
Average Life	20.722 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.59E-10
Bond Yield for Arbitrage Purposes	1.59E-10
All Inclusive Cost (AIC)	1.59E-10

**IRS Form 8038**

Net Interest Cost	-
Weighted Average Maturity	20.722 Years

SCHEDULE Z

None.



**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 30<sup>th</sup> day of September, 2004.

CASE NO. 04-1087-PWD-PC-ECN

**FRIENDLY PUBLIC SERVICE DISTRICT**

Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing water system; for approval of the financing; and for approval of a Water Purchase Agreement with GE Silicones, LLC.

**COMMISSION ORDER**

This is before the Commission on Friendly Public Service District's application for a certificate of convenience and necessity, for approval of project financing and for approval of a water purchase agreement. The Commission shall grant the requested approvals as set forth herein.

**BACKGROUND**

On July 14, 2004, Friendly Public Service District (District) filed an application for a certificate of convenience and necessity to construct certain additions, improvements and extensions to its existing water system in Tyler County to provide service to approximately seven (7) industrial customers. The District also sought approval of the project financing and approval of a water purchase agreement with GE Silicones, LLC (GE).

The District estimated that construction will cost approximately one million six hundred twenty thousand dollars (\$1,620,000.00). It is proposed that the construction will be financed as follows: a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in an amount not to exceed five hundred twenty thousand dollars (\$520,000.00); and a grant from the United States Economic Development Authority (USEDA) in the amount of one million one hundred thousand dollars (\$1,100,000.00). Pursuant to WV Code §31-15A-2(h), the WVJDC has approved emergency status for this project.

By Commission order entered on July 15, 2004, the District was required to publish a Notice of Filing one time in a newspaper published and of general circulation in Tyler County.

On July 30, 2004, the Commission received a protest to the application from Hubert Roberts. Mr. Roberts objected to the District's rate structure. He asserted that the customers served by the District's other rate schedules may be subsidizing the rate schedule that applies to this project.

On August 2, 2004, the District filed an affidavit of publication indicating that the Notice of Filing was published on July 28, 2004, in the *Tyler Star News*, a newspaper published in Tyler County.

On August 26, 2004, Staff filed its Final Joint Staff Memorandum. Staff indicated that the proposed project will serve seven (7) industrial customers including Proviron America Inc., Alumitech of West Virginia, Dominion Hope, Ormet Aluminum, Dominion Transmission, Mountaineer Bulk Transport, Inc. and the GE facility. Staff noted that these customers constituted 1,020 equivalent dwelling units (EDU's).

Staff stated that the project consists of the construction of approximately 3.2 miles of waterline, a 578,000 gallon storage tank and two (2) 300 GPM wells which will be located near Wells Run in Tyler County, West Virginia. The industrial customers are located in the Bens Run Industrial Park which is located just north of Bens Run on State Route 2 and the surrounding area in Tyler County, West Virginia. Six (6) of the customers to be served by this project are current tenants of the Industrial Park or reside in surrounding areas. The existing facilities rely on individual, private wells for water. According to Staff, groundwater is abundant, but it varies in quality.

GE, which operates a manufacturing facility located about 0.75 miles north of the Industrial Park, has indicated that they wish to have potable water service. According to Staff, this plant produces food grade products and must have a WV Bureau for Public Health approved source for process water. Staff stated that GE is a major employer in Tyler County and ensuring this manufacture's continued success is critical to the area's continued economic vitality.

Additionally, Staff noted that the parent company of Alumitech of West Virginia (Alumitech) recently committed to expand its facility in the Industrial Park. This investment includes the construction of a new building to allow for additional material storage and the installation of additional equipment, a total investment of approximately \$1.1 million.

According to Staff, the District presently operates four (4) separate water systems, the Friendly, Pursley, Pleasant Ridge, and the Route 180 systems. The Friendly system is the system being expanded by this project. It currently serves approximately three hundred (300) residential customers, ten (10) commercial customers and one (1) industrial customer.

The total project cost is estimated to be \$1,620,000.00, with construction costs expected to be \$1,156,000. According to Staff, the cost per EDU is \$1,588, which Staff considered to be very good.

Staff believed that the project showed necessity, because it will allow the expansion of the Alumitech facility, therefore securing several high paying jobs; it will help ensure GE, a major employer in Tyler County, continued success, which is critical to the area's continued economic vitality; and it will make the surrounding area more attractive to potential residential and commercial development.

Staff stated that the total project cost will be funded with a USEDA grant of \$1,100,000 and a WVIJDC loan in an amount not to exceed \$520,000 at 0% interest for 40 years. The WVIJDC loan results in annual debt service of \$13,000 and requires the District to fund a 10% debt service reserve equal to \$1,300 and a renewal and replacement reserve equal to 2.5% of operating revenues or \$10,134.

According to Staff's review of the District's Rule 42 Exhibit, Operation and Maintenance expenses are projected to increase by \$53,066 as a result of this project. Staff found the increased operation and maintenance expenses to be reasonable.

Staff noted that the District currently has four separate rate schedules and the project customers, with the exception of GE, will be billed under Schedule 1. GE will be billed pursuant to the proposed Water Purchase Contract at a rate of \$1.20 per 1,000 gallons for the first 150,000 gallons per day and then \$0.80 per 1,000 gallons for consumption in excess of 150,000 gallons per day. Staff stated that pursuant to the Contract, GE will pay to the District a minimum bill of \$5,400 per month.

Staff indicated that it was imperative the District maintain adequate records to account for revenues and expenses of the respective schedule areas. Further, Staff advised that the District should maintain sufficient records to determine the adequacy of the Contract rate so it could be adjusted in a fair and equitable manner.

Staff indicated that the District would not require a rate increase to fund the project. According to Staff's cash flow analysis, the District's rates will provide a cash flow surplus of \$13,866 and a debt service coverage level of 142.39%. Staff opined that the project was

financially feasible.

Staff filed a recommended tariff that did not make any adjustments to rates or charges. However, Staff's recommended tariff made revisions in the text of the tariff so that it would comply with the Commission's Rules for the Construction and Filing of Tariffs, 150 C.S.R. Series 2 (Tariff Rules).

Staff recommended that the Water Purchase Contract be modified by making revisions to Article 8.4 of the Contract pertaining to the time frame for payment. Staff also recommended that the Contract include a delayed payment penalty for late payments.

Staff made the following recommendations:

1) Approval of District's application for an emergency certificate of convenience and Necessity to construct a water treatment and distribution system to serve seven (7) industrial customers;

2) Approval of project financing consisting of a WVIJDC loan in the amount of \$520,000 at 0% interest for 40 years and a \$1,100,000 grant from the USEDA;

3) Approval of the contract between the District and GE contingent upon the Staff recommended modifications set forth above.

4) A copy of the bids are to be filed with the Commission and made part of the file as soon as they are tabulated;

5) That if there are any changes in the scope of the project or project financing that the District be required to seek permission from the Commission before proceeding; and

6) The District is to notify the Commission when their Engineer has performed the substantial completion inspection.

On September 10, 2004, the Commission issued an order setting this matter for hearing on September 28, 2004, at 9:30 a.m.

On September 20, 2004, the District filed a "Motion to Cancel Hearing." The District argued that the protest did not address the convenience or necessity of the project. Instead, it was a protest to the District's rates which are not being increased as a result of the project. As such, the District stated that the issues raised in the protest are misplaced. The District requested that the Commission find the protest to be inapplicable to this proceeding and to

cancel the hearing.

On September 20, 2004, the District filed a revised water purchase Contract with GE. The District indicated that the submitted agreement had been modified in accordance with the Staff recommendations.

On September 22, 2004, the District filed its responses to Staff's previously filed data requests.

On September 24, 2004, Mr. Roberts filed a letter asking to intervene in this proceeding. In support of the request, he stated that in the District's response to Staff's data request, the District indicated that there was no cost of service study or negotiation involved in setting GE's contract rate.

On September 24, 2004, Staff filed a Further Final Joint Staff Memorandum. Staff clarified its position with regard to the Contract with GE. Staff indicated that the agreement should be approved without approving the specific terms and conditions therein. Staff indicated that the Commission has the right to review the rates set forth in the agreement whenever the public interest may justify such review, such as in a rate case. Therefore, Staff indicated that the terms and conditions of the Contract should not be expressly approved.

By order of September 24, 2004, the Commission denied the District's motion to cancel the hearing.

On September 27, 2004, the District filed its affidavits of publication indicating the notice of the hearing had been published on September 15, 2004, and September 22, 2004, in the *Tyler Star News* as required by the Commission. The District stated that as a courtesy, it also published the notice of hearing in the *Wetzel Chronicle* on September 22, 2004.

On September 28, 2004, at 9:30 a.m. the Commission convened a hearing in this case. The District and Staff appeared with their respective witnesses. Mr. Roberts also appeared.

Initially, the Commission addressed Mr. Roberts motion to intervene. He asked to intervene as he was concerned that the Contract rate established for GE was not developed by a class cost of service study. He felt that the rate was forced upon the District by GE and was not negotiated or appropriate. The District objected to allowing Mr. Roberts intervenor status.

No additional public comments or protests were offered or received at the hearing.

The parties agreed that the case could be submitted for a decision based upon the documents contained in the Commission file. Briefs were not requested or ordered.

### DISCUSSION

W. Va. Code § 24-2-11 provides, in pertinent part, as follows:

(a) No public utility . . . shall begin the construction of any plant . . . for furnishing to the public any [utility] service . . . unless and until it shall obtain from the public service commission a certificate of convenience and necessity requiring such construction . . . . Upon the filing of any application for such certificate, and after hearing, the commission may, in its discretion, issue or refuse to issue, or issue in part and refuse in part, such certificate of convenience and necessity: Provided, That the commission, after it gives proper notice and if no protest is received within thirty days after the notice is given, may waive formal hearing on the application.

Furthermore, in considering a certificate application, the Commission must assess whether the general public convenience will be served and assess the public necessity for the project. Sexton v. Public Service Commission, 188 W.Va. 305, 423 S.E.2d 914 (1992).

Upon review, the Commission concludes that the project is needed given that the project will provide reliable and potable water that will allow the expansion of the Alumitech facility, therefore securing several high paying jobs; it will help ensure GE, a major employer in Tyler County, continued success, which is critical to the area's continued economic vitality; and it will make the surrounding area more attractive to potential residential and commercial development.

Moreover, the Commission concludes that the general public convenience will be served by this project since the District has obtained favorable funding for the project consisting of a \$1,100,000 grant and a \$520,000 loan at 0% interest for 40 years. Further, the District will not raise any of its rates as a result of this project.

With regard to the Contract between the District and GE, the Commission agrees with Staff that the Commission has the right to review the rates set forth in the agreement whenever the public interest may justify such review. A review of the rates in the Contract may take place in the context of an application for a rate increase. The District has filed a revised Contract that makes the modifications to Article 8.4 of the Contract pertaining to the

time frame for payment and that includes a delayed payment penalty for late payments.

With regard to the petition to intervene, the Commission finds that the matters raised relate to the rates charged by the District. The Commission concludes that it is appropriate to deny the motion to intervene as the issues raised are more appropriately addressed in the context of a formal rate proceeding.

Accordingly, the Commission will (1) grant a certificate of convenience and necessity to the District to construct the project more specifically described above; (2) approve the financing for the project described above; (3) require the District to request a reopening of this case should there be any changes in the plans, scope and terms of financing of the project; (4) approve Staff's recommended rates and charges; (5) approve the revised contract between the District and GE filed on September 20, 2004, without approving the specific terms and conditions therein; (6) require the District to file a copy of the project bids as soon as they are tabulated; and (7) notify the Commission when the project Engineer has performed the substantial completion inspection.

### **FINDINGS OF FACT**

1. On July 14, 2004, the District filed an application for a certificate of convenience and necessity to construct certain additions, improvements and extensions to its existing water system in Tyler County to provide service to approximately seven (7) industrial customers. The District also sought approval of the project financing and approval of a water purchase agreement with GE Silicones, LLC (GE).
2. The District estimates that construction will cost approximately \$1,620,000.00. According to the District, the construction will be financed with a loan from the WVJDC in an amount not to exceed \$520,000.00 at 0% interest for a term of 40 years and a grant from the USEDA in the amount of \$1,100,000.00.
3. Pursuant to WV Code §31-15A-2(h), the WVJDC has approved emergency status for this project.
4. On July 30, 2004, the Commission received a protest to the application from Hubert Roberts. Mr. Roberts objected to the District's rate structure. He asserted that the customers served by the District's other rate schedules may be subsidizing the rate schedule that applies to this project.
5. On August 2, 2004, the District filed an affidavit of publication indicating that the Notice of Filing was published on July 28, 2004, in the *Tyler Star News*, a newspaper

published in Tyler County.

6. On August 26, 2004, Staff filed its Final Joint Staff Memorandum. Staff concluded that the project was necessary, because it will allow the expansion of the Alumitech facility, therefore securing several high paying jobs; it will help ensure GE, a major employer in Tyler County, continued success, which is critical to the area's continued economic vitality; and it will make the surrounding area more attractive to potential residential and commercial development.

7. Staff determined that the total project cost will be \$1,620,000.00 which is to be funded with a USEDA grant of \$1,100,000 and a WVIJDC loan in an amount not to exceed \$520,000 at 0% interest for 40 years. The WVIJDC loan results in annual debt service of \$13,000 and the loan requires the District to fund a 10% debt service reserve equal to \$1,300 and a renewal and replacement reserve equal to 2.5% of operating revenues or \$10,134.

8. Staff stated that the District currently has four separate rate schedules. The project customers, with the exception of GE, will be billed under Schedule 1. GE will be billed pursuant to the proposed Contract at a rate of \$1.20 per 1,000 gallons for the first 150,000 gallons per day and then \$0.80 per 1,000 gallons for consumption in excess of 150,000 gallons per day. Staff stated that pursuant to the Contract, GE will pay to the District a minimum bill of \$5,400 per month.

9. Staff indicated that the District would not require a rate increase to fund the project. According to Staff's cash flow analysis, the District's rates will provide a cash flow surplus of \$13,866 and a debt service coverage level of 142.39%. Staff opined that the project was financially feasible.

10. Staff filed a recommended tariff that did not make any adjustments to rates or charges, but made revisions in the text of the tariff so that it would comply with the Commission's Tariff Rules.

11. Staff recommended (1) approval of District's application for an emergency certificate of convenience and Necessity to construct a water treatment and distribution system to serve the 7 industrial customers; (2) approval of project financing consisting of a WVIJDC loan in the amount of \$520,000 at 0% interest for 40 years and a \$1,100,000 grant from the USEDA; (3) approval of the contract between the District and GE contingent upon the Staff recommended modifications set forth above; (4) a copy of the bids are to be filed with the Commission and made part of the file as soon as they are tabulated; (5) that if there are any changes in the scope of the project or project financing that the District be

required to seek permission from the Commission before proceeding; and (6) the District is to notify the Commission when its Engineer has performed the substantial completion inspection.

12. On September 10, 2004, the Commission issued an order setting this matter for hearing on September 28, 2004, at 9:30 a.m. The District was directed to publish notice of the hearing.

13. On September 20, 2004, the District filed a revised Contract with GE that had been modified in accordance with the Staff recommendations.

14. On September 24, 2004, Mr. Roberts filed a letter asking to intervene in this proceeding.

15. On September 24, 2004, Staff filed a Further Final Joint Staff Memorandum. Staff clarified its position with regard to the Contract with GE. Staff indicated that the agreement should be approved without approving the specific terms and conditions therein. Staff indicated that the Commission has the right to review the rates set forth in the agreement whenever the public interest may justify such review, such as in a rate case.

16. On September 27, 2004, the District filed its affidavits of publication indicating the notice of the hearing had been published.

17. On September 28, 2004, at 9:30 a.m. the Commission convened a hearing in this case.

18. At the hearing, Mr. Roberts asked to intervene for the purpose of addressing the Contract rate established for GE. He asserted that the rate was not developed by a class cost of service study and was not negotiated or appropriate.

19. No additional public comments or protests were offered or received at the hearing.

20. The parties agreed that the case could be submitted for a decision based upon the documents contained in the Commission file. Briefs were not requested or ordered.

### CONCLUSIONS OF LAW

1. The District's project, more specifically described above, is needed and will serve the general public convenience. Therefore, pursuant to W. Va. Code § 24-2-11 and

Sexton v. Public Service Commission, 188 W.Va. 305, 423 S.E.2d 914 (1992), a certificate of convenience and necessity will be granted as recommended by Staff.

2. The Commission concludes that it is reasonable to approve the financing for the project as more specifically described above.

3. The Commission concludes that it is reasonable to approve Staff's recommended rates and charges attached to this order as Appendix A.

4. The Commission concludes that it is appropriate to approve the revised Contract between the District and GE filed on September 20, 2004, without approving the specific terms and conditions therein.

5. The Commission will require the District to file a copy of the project bids as soon as they are tabulated.

6. The Commission will require the District to notify the Commission when the project Engineer has performed the substantial completion inspection.

7. The Commission will require the District to request a reopening of this case should there be any changes in the plans, scope and terms of financing of the project.

8. The Commission concludes that it is appropriate to deny the motion to intervene as the issues raised are more appropriately addressed in the context of a formal rate proceeding.

### **ORDER**

IT IS, THEREFORE, ORDERED that the Friendly Public Service District's application for a certificate of convenience and necessity to construct certain additions, improvements and extensions to its existing water system in Tyler County to provide service to approximately seven (7) industrial customers is hereby approved.

IT IS FURTHER ORDERED that the project financing, consisting of a West Virginia Infrastructure and Jobs Development Council loan in an amount not to exceed five hundred twenty thousand dollars (\$520,000.00) at 0% interest for a term of 40 years and a grant from the United States Economic Development Authority in the amount of one million one hundred thousand dollars (\$1,100,000.00) is hereby approved.

IT IS FURTHER ORDERED that Staff's recommended rates and charges which are attached to this order as Appendix A, are hereby approved.

IT IS FURTHER ORDERED that the revised water purchase contract between the Friendly Public Service District and GE Silicones, LLC. filed on September 20, 2004, is hereby approved without approving the specific terms and conditions therein.

IT IS FURTHER ORDERED that the Friendly Public Service District shall immediately request a reopening of this case should there be any changes in the plans, scope and terms of financing of the project.

IT IS FURTHER ORDERED that the Friendly Public Service District shall file a copy of the project bids as soon as they are tabulated

IT IS FURTHER ORDERED that the Friendly Public Service District shall notify the Commission when the project Engineer has performed the substantial completion inspection for the project approved herein.

IT IS FURTHER ORDERED that within thirty (30) days of the date of this Order, the Friendly Public Service District shall file with the Commission an original and five (5) copies of a revised tariff setting forth the rates and charges approved herein.

IT IF FURTHER ORDERED that the petition to intervene filed by Hubert Roberts on September 24, 2004, is hereby denied.

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

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

JMH/sek  
041087cb.wpd

A True Copy, Teste:



Sandra Squire  
Executive Secretary



FRIENDLY PUBLIC SERVICE DISTRICT  
CASE NO. 04-1087-PWD-PC-ECN  
APPROVED TARIFF

SCHEDULE 1

APPLICABILITY

Applicable within the entire territory served except the Route 189 Extension area, Pursley-Smith Ridge System and Pleasant Ridge Extension.

AVAILABILITY

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

(C) RATES (customers with metered water supply)

First	10,000	gallons used per month	6.76	per 1,000 gallons
All Over	10,000	gallons used per month	6.32	per 1,000 gallons

MINIMUM CHARGE

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

5/8	inch meter	\$13.16	per month
3/4	inch meter	19.75	per month
1	inch meter	32.90	per month
1-1/4	inch meter	48.05	per month
1-1/2	inch meter	65.80	per month
2	inch meter	105.30	per month
3	inch meter	197.40	per month
4	inch meter	329.00	per month
6	inch meter	658.00	per month
8	inch meter	1052.80	per month

The above minimum charge is subject to an additional \$0.18 per 1,000 gallons of water used per month.

**DELAYED PAYMENT PENALTY**

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

(C) **TAP FEE**

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

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

**RECONNECTION            \$20.00**

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

**LEAK ADJUSTMENT**

\$3.43 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 such unusual consumption above the customer's historical average usage.

(C) **Indicates Change**

FRIENDLY PUBLIC SERVICE DISTRICT  
CASE NO. 04-1087-PWD-PC-ECN  
STAFF RECOMMENDED

SCHEDULE 2

APPLICABILITY

Applicable within the Pursley-Smith Ridge System.

AVAILABILITY

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

(C) RATES (customers with a metered water supply)

First	3,000	gallons used per month	9.64	per 1,000 gallons
Next	7,000	gallons used per month	7.99	per 1,000 gallons
Next	10,000	gallons used per month	6.41	per 1,000 gallons
Next	30,000	gallons used per month	3.81	per 1,000 gallons
All Over	50,000	gallons used per month	3.43	per 1,000 gallons

MINIMUM CHARGE

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

5/8	inch meter	\$28.36	per month
3/4	inch meter	42.55	per month
1	inch meter	70.90	per month
1-1/2	inch meter	141.80	per month
2	inch meter	226.85	per month
3	inch meter	425.30	per month
4	inch meter	708.90	per month

The above minimum charge is subject to an additional \$0.18 per 1,000 gallons of water used per month.

**DELAYED PAYMENT PENALTY**

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

**RECONNECTION**                      \$15.00

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 \$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 \$200.00 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.

**LEAK ADJUSTMENT**

\$3.43 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 such unusual consumption above the customer's historical average usage.

(C)    Indicates Change

FRIENDLY PUBLIC SERVICE DISTRICT  
CASE NO. 04-1087-PWD-PC-ECN  
STAFF RECOMMENDED

SCHEDULE 3

APPLICABILITY

Applicable within the Pleasants Ridge Extension

AVAILABILITY

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

(C) RATES (customers with metered water supply)

First	3,000	gallons used per month	15.13	per 1,000 gallons
Next	7,000	gallons used per month	12.93	per 1,000 gallons
Next	10,000	gallons used per month	10.68	per 1,000 gallons
All Over	20,000	gallons used per month	4.68	per 1,000 gallons

MINIMUM CHARGE

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

5/8	inch meter	\$44.85	per month
3/4	inch meter	62.30	per month
1	inch meter	112.15	per month
1-1/2	inch meter	224.25	per month
2	inch meter	358.80	per month
3	inch meter	672.75	per month
4	inch meter	1121.25	per month

The above minimum charge is subject to an additional \$0.18 per 1,000 gallons of water used per month.

#### DELAYED PAYMENT PENALTY

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

#### 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 \$200.00 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.

#### LEAK ADJUSTMENT

\$3.43 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 such unusual consumption above the customer's historical average usage.

(C) Indicates Change

FRIENDLY PUBLIC SERVICE DISTRICT  
CASE NO. 04-1087-PWD-PC-ECN  
STAFF RECOMMENDED

SCHEDULE 4

(C) APPLICABILITY

Applicable within the Route 180 Extension

AVAILABILITY

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

(C) RATES (customers with metered water supply)

First	3,000	gallons used per month	13.52	per 1,000 gallons
Next	7,000	gallons used per month	11.13	per 1,000 gallons
Next	10,000	gallons used per month	8.73	per 1,000 gallons
Next	30,000	gallons used per month	4.92	per 1,000 gallons
All Over	50,000	gallons used per month	4.32	per 1,000 gallons

MINIMUM CHARGE

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

5/8 x 3/4	inch meter	\$40.02	per month
1	inch meter	100.05	per month
1-1/2	inch meter	200.10	per month
2	inch meter	320.15	per month
3	inch meter	600.05	per month
4	inch meter	1,000.05	per month

The above minimum charge is subject to an additional \$0.18 per 1,000 gallons of water used per month.

#### DELAYED PAYMENT PENALTY

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

#### 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 \$200.00 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.

#### RECONNECTION \$20.00

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

#### LEAK ADJUSTMENT

\$3.43 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 such unusual consumption above the customer's historical average usage.

(C) Indicates Change

**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 10th day of March, 2005.

CASE NO. 04-1087-PWD-PC-ECN

FRIENDLY PUBLIC SERVICE DISTRICT,  
Tyler County, West Virginia

**COMMISSION ORDER**

On September 30, 2004, the Commission issued an order granting the Friendly Public Service District (District) a certificate of convenience and necessity to construct certain additions, improvements, and extensions to its existing water system in Tyler county to provide service to approximately seven industrial customers. Specifically, the Commission's order approved financing as follows:

IT IS FURTHER ORDERED that the project financing, consisting of a West Virginia Infrastructure and Jobs Development Council loan in an amount not to exceed five hundred twenty thousand dollars (\$520,000.00) at 0% interest for a term of 40 years and a grant from the United States Economic Development Authority in the amount of one million one hundred thousand dollars (\$1,100,000.00) is hereby approved.

On February 14, 2005, the Commission received a "Petition to Re-open" from the District. The District requested, that as the project had been determined to be an "Emergency Project" pursuant to West Virginia Code § 31-15A-2(h) by the West Virginia Infrastructure and the Jobs Development Council (WVIJDC), that the Commission enter an order in this matter on or before March 10, 2005. The District noted that it had bid the project and the received bids were within the loan and grant amounts approved by the Commission's September 30, 2004, order. However, the District stated that in preparing to close the loan, and thus commence construction, the District determined that certain reserve accounts or outstanding bonds of the District were underfunded and must be funded at required levels in order to issue bonds required for the project. The District stated that the West Virginia Water Development Authority (WDA) had verbally agreed to loan the District

an amount not to exceed \$40,000, for a term not to exceed 6 years, at an interest rate of not more than six 6%. The District calculated that a rate increase will not be required to support the additional loan.

On February 15, 2005, the Commission Staff (Staff) filed its "Staff's Response to Friendly Public Service District's Petition to Re-open." Therein, Staff stated it supported re-opening the case.

On February 18, 2005, the Commission received a letter from counsel for the District attached to which was a loan commitment letter from the WDA. Notably, the funding commitment letter approved an interest rate of 5% for a period of 6 years, instead of the 6% interest rate previously referenced.

On March 3, 2005 Staff filed its "Final Joint Staff Memorandum." Therein, Staff noted that the WDA loan was for \$40,000 at 5%, for a term of 6 years. Staff stated that the loan will result in additional debt service of \$7,730 annually. Staff also performed a cash flow analysis, which supported the District's position that a rate increase is not needed. Staff recommended approval of the requested borrowing. Staff also recommended the Commission retain this case and issue an order by March 10, 2005 because the bids for this project expire on March 15, 2005.

### DISCUSSION

As the District was able to obtain the needed funding, and as no rate increase is necessary to fund the additional loan, the Commission shall approve the WDA loan in the amount of \$40,000 at 5% for a term of 6 years.

### FINDINGS OF FACT

1. On September 30, 2004, the Commission issued an order granting the District a certificate of convenience and necessity to construct certain additions, improvements, and extensions to its existing water system in Tyler county to provide service to approximately seven industrial customers. That order also approved funding for the project.

2. On February 14, 2005, the Commission received a "Petition to Re-open" from the District. The District noted that it had bid the project and the received bids were within the loan and grant amounts approved by the Commission's September 30, 2004, order. The District stated that in preparing to close the loan, and thus commence construction, the District determined that certain reserve accounts or outstanding bonds of the District were underfunded and must be funded at required levels in order to issue project-related bonds. The District stated that the WDA had verbally agreed to loan the District an amount not to exceed \$40,000, for a term not to exceed 6 years, at an interest rate of not more than 6%.

The District calculated that a rate increase will not be required to support the additional loan.

3. On February 18, 2005, the Commission received a letter from counsel for the District attached to which was a loan commitment letter from the WDA. Notably, the funding commitment letter approved an interest rate of 5% for a period of 6 years, instead of the 6% interest rate previously estimated.

4. On March 3, 2005 Staff filed its "Final Joint Staff Memorandum." Therein, Staff recommended the requested borrowing be approved.

### **CONCLUSION OF LAW**

As the District was able to obtain the needed funding, and as no rate increase is necessary to fund the additional loan, the Commission shall approve the WDA loan in the amount of \$40,000 at 5%, for a term of 6 years.

### **ORDER**

IT IS THEREFORE ORDERED that the District's request for authorization for a loan from the Water Development Authority in the amount of \$40,000 at 5%, for a term of 6 years, is hereby approved.

IT IS FURTHER ORDERED that should the plans, scope, or financing for the project approved herein change for any reason, the District must obtain prior Commission approval before continuing construction of the project.

IT IS FURTHER ORDERED that upon entry of this order, this case shall be removed from the Commission's docket of open cases.

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

A True Copy, Teste:



Sandra Squire  
Executive Secretary

JJW/mk  
041087cc.wpd

# West Virginia Infrastructure & Jobs Development Council

Public Members:

Mark Prince, Chairman  
Hurricane  
Dwight Calhoun, Vice Chairman  
Petersburg  
C. R. "Rennie" Hill, III  
Beckley  
Tim Stranko  
Morgantown

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

Katy Mallory, PE  
Executive Secretary

Katy.Mallory@verizon.net

June 2, 2004

Robert Patterson, General Manager  
Friendly Public Service District  
P.O. Box 138  
Friendly, West Virginia 26146

RE: Friendly Public Service District  
Preliminary Applications 2001W-618 & 2001S-618  
Emergency Project Status

Dear Mr. Patterson:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council"), at its June 2, 2004 meeting, reviewed the above referenced water and sewer projects to serve Ben's Run Industrial Park in Tyler County with respect to section §31-15A-2(h) of the West Virginia Code.

The Infrastructure Council made the determination that the above referenced projects met the criteria of section §31-15A-2(h) of the West Virginia Code, and therefore, should be deemed emergency projects.

According to §31-15A-8(b) of the West Virginia Code, the Public Service Commission shall render its final decision on an application for a certificate of an emergency project within 120 days of the filing of the application.

If you have any questions, please contact Katy Mallory at 558-4607.

Sincerely,



Mark Prince

cc: ~~John Stump, Steptoe & Johnson~~  
Meyishi Blair, PSC  
Cerrone & Associates, Inc.

# West Virginia Infrastructure & Jobs Development Council

Public Members:

Russell L. Isaacs, Chairman  
Cottageville  
Henry Harmon, Vice Chairman  
Hurricane  
Dwight Calhoun  
Petersburg  
William P. Stafford, II, Esq.  
Princeton

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

Katy Mallory, PE  
Executive Secretary

KMallory@ezwv.com

December 5, 2001

Mr. Robert Patterson  
Friendly PSD  
P.O. Box 138  
Friendly, WV 26146

Re: Friendly PSD  
Water Project 2001W-618

Dear Mr. Patterson:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Friendly Public Service District's (the "District") revised preliminary application regarding its proposed project to construct water lines to serve the Bens Run Industrial Park (the "Project").

Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Infrastructure Council recommends that the District utilize a \$1,100,000 EDA grant and pursue a Drinking Water Treatment Revolving Fund and/or an Infrastructure Fund loan of \$316,000 to finance this \$1,416,000 Project. Please contact the WV Bureau for Public Health at 558-2981 for specific information on the steps the District needs to follow to apply for these funds. Please note that this letter does not constitute funding approval from this agency.

Mr. Robert Patterson  
December 5, 2001  
Page 2

The Infrastructure Council's final decision regarding specific funding is deferred pending the District's readiness to proceed and availability of funds in the Infrastructure fund. **This letter is not a commitment letter of Infrastructure funds.** The Project will be placed on the Infrastructure Council's list of pending projects.

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,



Russell L. Isaacs

Enclosures

cc: Walt Ivey, BPH (w/o enclosures)  
Region V Planning & Development Council  
Cerrone Associates, Inc.



FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 11th day of March, 2005, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Friendly Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$300,000, numbered AR-1 (the "Series 2005 A Bonds"), issued as a single, fully registered Bond, and dated March 11, 2005.

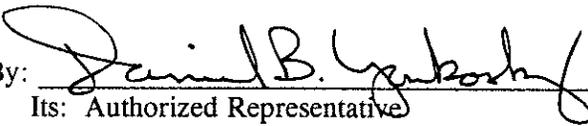
2. On the date hereof, the Authority received the Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), of the Issuer, in the principal amount of \$40,000, numbered BR-1 (the "Series 2005 B Bonds" and together with the Series 2005 A Bonds, the "Series 2005 Bonds"), issued as a single, fully registered Bond, and dated March 11, 2005.

3. At the time of such receipt, the Series 2005 Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2005 Bonds.

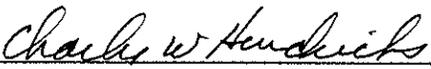
4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2005 Bonds, of the sum of \$46,643, being a portion of the principal amount of the Series 2005 A Bonds and \$40,000, being the entire principal amount of the Series 2005 B Bonds. The balance of the principal amount of the Series 2005 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

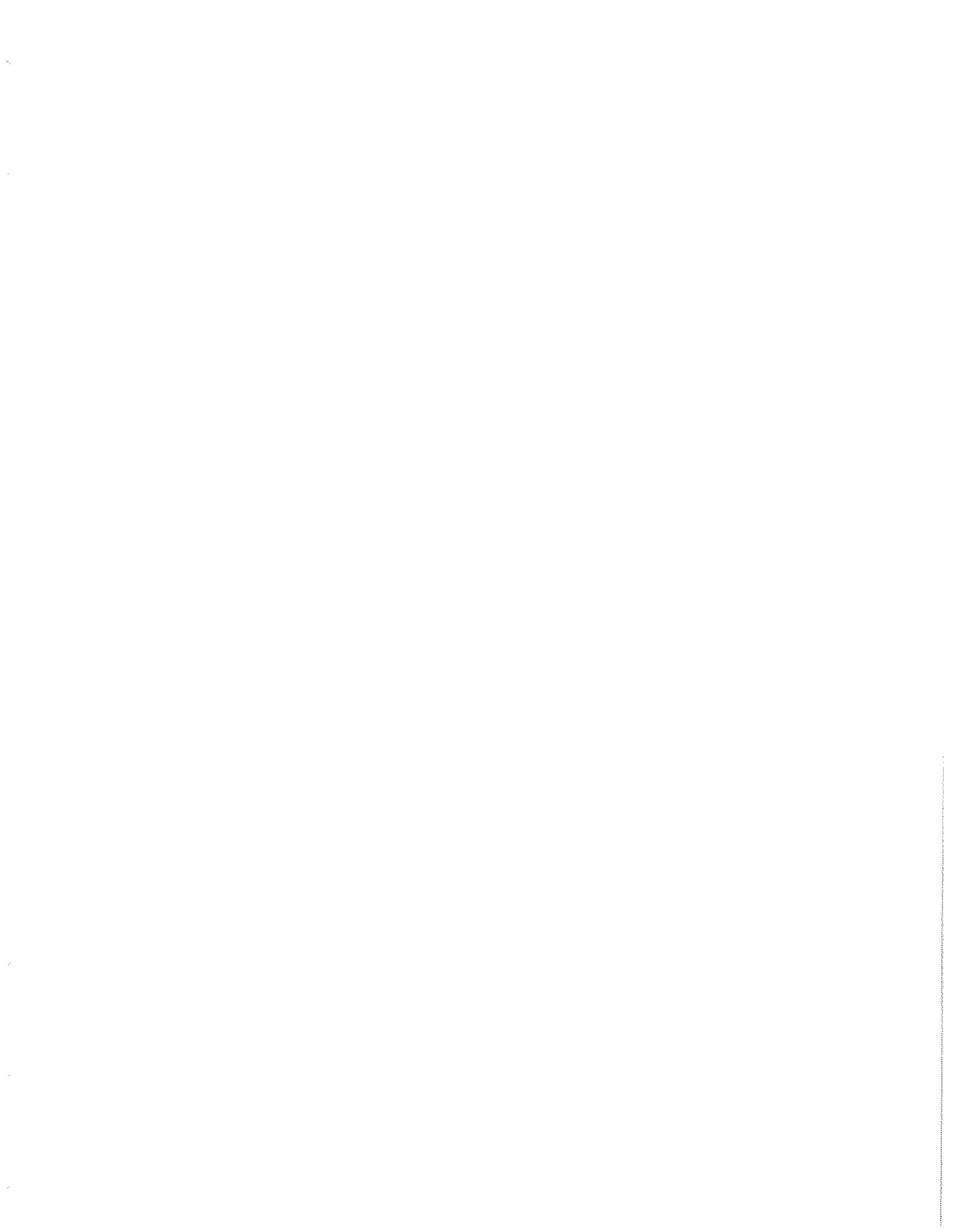
WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By:   
Its: Authorized Representative

FRIENDLY PUBLIC SERVICE DISTRICT

By:   
Its: Chairman

02/28/05  
311200.00002



FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank  
as Bond Registrar  
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 11th day of March, 2005.

(1) Bond No. AR-1, constituting the entire original issue of Friendly Public Service District Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the principal amount of \$300,000 (the "Series 2005 A Bonds"), dated March 11, 2005, executed by the Chairman and Secretary of Friendly Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on February 28, 2005, and a Supplemental Resolution duly adopted by the Issuer on February 28, 2005 (collectively, the "Bond Legislation");

(2) Bond No. BR-1, constituting the entire original issue of Friendly Public Service District Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), in the principal amount of \$40,000 (the "Series 2005 B Bonds"), dated March 11, 2005, executed by the Chairman and Secretary of the Issuer and bearing the official seal of the Issuer, authorized to be issued under and pursuant to the Bond Legislation;

(3) A copy of the Bond Legislation authorizing the above-captioned Bonds (the "Series 2005 Bonds"), duly certified by the Secretary of the Issuer;

(4) Executed counterparts of a loan agreement for the Series 2005 A Bonds, dated March 11, 2005, 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, and a loan agreement for the Series 2005 B Bonds, dated March 11, 2005, by and between the Issuer and the Authority, (collectively, the "Loan Agreements"); and

(5) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreements and the Series 2005 Bonds.

You are hereby requested and authorized to deliver the Series 2005 A Bonds to the Authority upon payment to the Issuer of the sum of \$46,643, representing a portion of the principal amount of the Series 2005 A Bonds and the sum of \$40,000 representing the entire principal amount of the Series 2005 B Bonds.

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

[Remainder of Page Intentionally Left Blank]

Dated as of the day and year first written above.

FRIENDLY PUBLIC SERVICE DISTRICT

By: Chack W. Hendricks  
Its: Chairman

02/25/05  
311200.00002



**SPECIMEN**

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
FRIENDLY PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND, SERIES 2005 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$300,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 11th day of March, 2005, FRIENDLY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Tyler and Wetzel Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of THREE HUNDRED THOUSAND DOLLARS (\$300,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing 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 March 11, 2005.

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 February 28, 2005, and a Supplemental Resolution duly adopted by the Issuer on February 28, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S: (1) WATER REVENUE BOND, SERIES 1994 A, DATED JUNE 22, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$360,000; (2) WATER REVENUE BOND, SERIES 1994 B, DATED NOVEMBER 3, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$77,000; (3) WATER REVENUE BOND, SERIES 1997, DATED JUNE 11, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$500,000; AND (4) WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 11, 2005, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$40,000 (COLLECTIVELY, THE "FIRST LIEN 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 First Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds; provided however, that so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain

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

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, 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 wet lands to produce an agriculture 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, FRIENDLY 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 as of the day and year first written above.

[SEAL]

*Charles H. Hedges*  
\_\_\_\_\_  
Chairman

ATTEST:

*Rolita Patten*  
\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2005 A Bond 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: March 11, 2005.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

**SPECIMEN** *[Signature]* **SPECIMEN**  
Authorized Officer

EXHIBIT A  
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ 46,643	March 11, 2005	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$ \_\_\_\_\_

EXHIBIT B

**Debt Service  
Schedule**

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Total P+I</u>
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	1,935.49	-	1,935.49
12/01/2006	1,935.49	-	1,935.49
03/01/2007	1,935.49	-	1,935.49
06/01/2007	1,935.49	-	1,935.49
09/01/2007	1,935.49	-	1,935.49
12/01/2007	1,935.49	-	1,935.49
03/01/2008	1,935.49	-	1,935.49
06/01/2008	1,935.49	-	1,935.49
09/01/2008	1,935.49	-	1,935.49
12/01/2008	1,935.49	-	1,935.49
03/01/2009	1,935.49	-	1,935.49
06/01/2009	1,935.49	-	1,935.49
09/01/2009	1,935.49	-	1,935.49
12/01/2009	1,935.49	-	1,935.49
03/01/2010	1,935.49	-	1,935.49
06/01/2010	1,935.49	-	1,935.49
09/01/2010	1,935.49	-	1,935.49
12/01/2010	1,935.49	-	1,935.49
03/01/2011	1,935.49	-	1,935.49
06/01/2011	1,935.49	-	1,935.49
09/01/2011	1,935.49	-	1,935.49
12/01/2011	1,935.49	-	1,935.49
03/01/2012	1,935.49	-	1,935.49
06/01/2012	1,935.49	-	1,935.49
09/01/2012	1,935.49	-	1,935.49
12/01/2012	1,935.49	-	1,935.49
03/01/2013	1,935.49	-	1,935.49
06/01/2013	1,935.49	-	1,935.49
09/01/2013	1,935.49	-	1,935.49
12/01/2013	1,935.49	-	1,935.49
03/01/2014	1,935.49	-	1,935.49
06/01/2014	1,935.49	-	1,935.49
09/01/2014	1,935.49	-	1,935.49
12/01/2014	1,935.49	-	1,935.49
03/01/2015	1,935.49	-	1,935.49
06/01/2015	1,935.49	-	1,935.49
09/01/2015	1,935.49	-	1,935.49
12/01/2015	1,935.49	-	1,935.49
03/01/2016	1,935.49	-	1,935.49

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
06/01/2016	1,935.49	-	1,935.49
09/01/2016	1,935.49	-	1,935.49
12/01/2016	1,935.49	-	1,935.49
03/01/2017	1,935.49	-	1,935.49
06/01/2017	1,935.49	-	1,935.49
09/01/2017	1,935.49	-	1,935.49
12/01/2017	1,935.49	-	1,935.49
03/01/2018	1,935.49	-	1,935.49
06/01/2018	1,935.49	-	1,935.49
09/01/2018	1,935.49	-	1,935.49
12/01/2018	1,935.49	-	1,935.49
03/01/2019	1,935.49	-	1,935.49
06/01/2019	1,935.49	-	1,935.49
09/01/2019	1,935.49	-	1,935.49
12/01/2019	1,935.49	-	1,935.49
03/01/2020	1,935.49	-	1,935.49
06/01/2020	1,935.49	-	1,935.49
09/01/2020	1,935.49	-	1,935.49
12/01/2020	1,935.49	-	1,935.49
03/01/2021	1,935.49	-	1,935.49
06/01/2021	1,935.49	-	1,935.49
09/01/2021	1,935.48	-	1,935.48
12/01/2021	1,935.48	-	1,935.48
03/01/2022	1,935.48	-	1,935.48
06/01/2022	1,935.48	-	1,935.48
09/01/2022	1,935.48	-	1,935.48
12/01/2022	1,935.48	-	1,935.48
03/01/2023	1,935.48	-	1,935.48
06/01/2023	1,935.48	-	1,935.48
09/01/2023	1,935.48	-	1,935.48
12/01/2023	1,935.48	-	1,935.48
03/01/2024	1,935.48	-	1,935.48
06/01/2024	1,935.48	-	1,935.48
09/01/2024	1,935.48	-	1,935.48
12/01/2024	1,935.48	-	1,935.48
03/01/2025	1,935.48	-	1,935.48
06/01/2025	1,935.48	-	1,935.48
09/01/2025	1,935.48	-	1,935.48
12/01/2025	1,935.48	-	1,935.48
03/01/2026	1,935.48	-	1,935.48
06/01/2026	1,935.48	-	1,935.48
09/01/2026	1,935.48	-	1,935.48
12/01/2026	1,935.48	-	1,935.48
03/01/2027	1,935.48	-	1,935.48

Date	Principal	Coupon	Total P+I
06/01/2027	1,935.48	-	1,935.48
09/01/2027	1,935.48	-	1,935.48
12/01/2027	1,935.48	-	1,935.48
03/01/2028	1,935.48	-	1,935.48
06/01/2028	1,935.48	-	1,935.48
09/01/2028	1,935.48	-	1,935.48
12/01/2028	1,935.48	-	1,935.48
03/01/2029	1,935.48	-	1,935.48
06/01/2029	1,935.48	-	1,935.48
09/01/2029	1,935.48	-	1,935.48
12/01/2029	1,935.48	-	1,935.48
03/01/2030	1,935.48	-	1,935.48
06/01/2030	1,935.48	-	1,935.48
09/01/2030	1,935.48	-	1,935.48
12/01/2030	1,935.48	-	1,935.48
03/01/2031	1,935.48	-	1,935.48
06/01/2031	1,935.48	-	1,935.48
09/01/2031	1,935.48	-	1,935.48
12/01/2031	1,935.48	-	1,935.48
03/01/2032	1,935.48	-	1,935.48
06/01/2032	1,935.48	-	1,935.48
09/01/2032	1,935.48	-	1,935.48
12/01/2032	1,935.48	-	1,935.48
03/01/2033	1,935.48	-	1,935.48
06/01/2033	1,935.48	-	1,935.48
09/01/2033	1,935.48	-	1,935.48
12/01/2033	1,935.48	-	1,935.48
03/01/2034	1,935.48	-	1,935.48
06/01/2034	1,935.48	-	1,935.48
09/01/2034	1,935.48	-	1,935.48
12/01/2034	1,935.48	-	1,935.48
03/01/2035	1,935.48	-	1,935.48
06/01/2035	1,935.48	-	1,935.48
09/01/2035	1,935.48	-	1,935.48
12/01/2035	1,935.48	-	1,935.48
03/01/2036	1,935.48	-	1,935.48
06/01/2036	1,935.48	-	1,935.48
09/01/2036	1,935.48	-	1,935.48
12/01/2036	1,935.48	-	1,935.48
03/01/2037	1,935.48	-	1,935.48
06/01/2037	1,935.48	-	1,935.48
09/01/2037	1,935.48	-	1,935.48
12/01/2037	1,935.48	-	1,935.48
03/01/2038	1,935.48	-	1,935.48

Date	Principal	Coupon	Total P+I
06/01/2038	1,935.48	-	1,935.48
09/01/2038	1,935.48	-	1,935.48
12/01/2038	1,935.48	-	1,935.48
03/01/2039	1,935.48	-	1,935.48
06/01/2039	1,935.48	-	1,935.48
09/01/2039	1,935.48	-	1,935.48
12/01/2039	1,935.48	-	1,935.48
03/01/2040	1,935.48	-	1,935.48
06/01/2040	1,935.48	-	1,935.48
09/01/2040	1,935.48	-	1,935.48
12/01/2040	1,935.48	-	1,935.48
03/01/2041	1,935.48	-	1,935.48
06/01/2041	1,935.48	-	1,935.48
09/01/2041	1,935.48	-	1,935.48
12/01/2041	1,935.48	-	1,935.48
03/01/2042	1,935.48	-	1,935.48
06/01/2042	1,935.48	-	1,935.48
09/01/2042	1,935.48	-	1,935.48
12/01/2042	1,935.48	-	1,935.48
03/01/2043	1,935.48	-	1,935.48
06/01/2043	1,935.48	-	1,935.48
09/01/2043	1,935.48	-	1,935.48
12/01/2043	1,935.48	-	1,935.48
03/01/2044	1,935.48	-	1,935.48
06/01/2044	1,935.48	-	1,935.48
09/01/2044	1,935.48	-	1,935.48
12/01/2044	1,935.48	-	1,935.48
03/01/2045	1,935.48	-	1,935.48
<b>Total</b>	<b>\$300,000.00</b>	<b>-</b>	<b>\$300,000.00</b>

### Yield Statistics

Bond Year Dollars	\$6,216.66
Average Life	20.722 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.59E-10
Bond Yield for Arbitrage Purposes	1.59E-10
All Inclusive Cost (AIC)	1.59E-10

### IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.722 Years

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:  
  
\_\_\_\_\_

02/25/05  
311200.00002



**SPECIMEN**

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
FRIENDLY PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 2005 B  
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$40,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 11th day of March, 2005, FRIENDLY PUBLIC SERVICE DISTRICT, a public service district, a public corporation and political subdivision of the State of West Virginia in Tyler and Wetzel Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of FORTY THOUSAND DOLLARS (\$40,000), in annual installments on October 1 of each year, commencing October 1, 2005, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated March 11, 2005.

This Bond is issued (i) to pay arrearages in and fully fund the Prior Bonds Reserve Accounts; and (ii) to pay certain costs of issuance of 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 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on February 28, 2005, and a Supplemental Resolution duly adopted by the Issuer on February 28, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S: (1) WATER REVENUE BOND, SERIES 1994 A, DATED JUNE 22, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$360,000; (2) WATER REVENUE BOND SERIES 1994 B, DATED NOVEMBER 3, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$77,000; (3) WATER REVENUE BOND, SERIES 1997, DATED JUNE 11, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$500,000; AND (4) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AMOUNT OF \$300,000 (COLLECTIVELY, THE "FIRST LIEN 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 First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest 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 hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2005 B Bond 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 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 First Lien Bonds; provided however, that so long as there exists in the Series 2005 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest 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 First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to paying arrearages in and fully funding the Prior Bonds Reserve Accounts 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 wet lands to produce an agriculture commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond 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 and interest on this Bond.

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

IN WITNESS WHEREOF, FRIENDLY 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 as of the day and year first written above.

[SEAL]

**SPECIMEN**

Robert W. Hendrich  
Chairman

ATTEST:

Robert Patten  
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 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: March 11, 2005.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

**SPECIMEN**

  
Authorized Officer

EXHIBIT A

**Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
10/01/2005	2,945.00	5.000%	1,111.11	4,056.11
10/01/2006	5,448.00	5.000%	1,852.76	7,300.76
10/01/2007	5,720.00	5.000%	1,580.36	7,300.36
10/01/2008	6,006.00	5.000%	1,294.36	7,300.36
10/01/2009	6,306.00	5.000%	994.06	7,300.06
10/01/2010	6,622.00	5.000%	678.76	7,300.76
10/01/2011	6,953.00	5.000%	347.66	7,300.66
<b>Total</b>	<b>\$40,000.00</b>	<b>-</b>	<b>\$7,859.07</b>	<b>\$47,859.07</b>

Date	Principal	Coupon	Interest	Total P+I
04/01/2005	-	-	-	-
10/01/2005	2,945.00	5.000%	1,111.11	4,056.11
04/01/2006	-	-	926.38	926.38
10/01/2006	5,448.00	5.000%	926.38	6,374.38
04/01/2007	-	-	790.18	790.18
10/01/2007	5,720.00	5.000%	790.18	6,510.18
04/01/2008	-	-	647.18	647.18
10/01/2008	6,006.00	5.000%	647.18	6,653.18
04/01/2009	-	-	497.03	497.03
10/01/2009	6,306.00	5.000%	497.03	6,803.03
04/01/2010	-	-	339.38	339.38
10/01/2010	6,622.00	5.000%	339.38	6,961.38
04/01/2011	-	-	173.83	173.83
10/01/2011	6,953.00	5.000%	173.83	7,126.83
<b>Total</b>	<b>\$40,000.00</b>	<b>-</b>	<b>\$7,859.07</b>	<b>\$47,859.07</b>

ASSIGNMENT

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

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

In the presence of:

**SPECIMEN**



March 11, 2005

Friendly Public Service District  
Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund)

Friendly Public Service District  
Friendly, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Friendly Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$300,000 Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated March 11, 2005, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006 and maturing March 1, 2045, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

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

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on February 28, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 28, 2005, (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds and the Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) issued contemporaneously herewith, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC



March 11, 2005

Friendly Public Service District  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

Friendly Public Service District  
Friendly, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Friendly Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$40,000 Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement dated March 11, 2005, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, bearing interest at the rate of 5.0% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005, and with principal payable annually on October 1 of each year, commencing October 1, 2005, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying arrearages in and fully funding the Reserve Accounts for the Prior Bonds and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on February 28, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 28, 2005 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Prior Bonds and Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), issued contemporaneously herewith, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC



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FREDERICK M. DEAN ROHRIG  
ATTORNEY AT LAW

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March 11, 2005

Friendly Public Service District  
Sewer Revenue Bond, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

Friendly Public Service District  
Friendly, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

Steptoe & Johnson PLLC  
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Friendly Public Service District, a public service district, in Friendly, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a loan agreement for the Series 2005 A Bonds dated March 11, 2005, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the loan agreement for the Series 2005 B Bonds dated March 11, 2005 (collectively, the "Loan Agreement"), including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, the Bond Resolution duly adopted by the Issuer on February 28, 2005, as supplemented by the Supplemental Resolution duly adopted by the Issuer on February 28, 2005, (collectively, the "Bond Legislation"), orders of The County Commission of Tyler County and The County Commission of Wetzel County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the Series 2005 Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation, the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation, all under the Act and other applicable provision of law.
2. The Loan Agreements have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of the Issuer enforceable in accordance with their terms.
3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
4. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.
5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.
6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitations, the receipt of all requisite orders, certificates and approvals, from The County Commission of Tyler County, The County Commission of Wetzel County, the Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on September 30, 2004 and March 10, 2005, in Case No. 04-1087-PWD-PC-ECN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates and charges for the System. The time for appeal of the September 30, 2004 Order has expired prior to the date hereof without any appeal. The time for appeal of the March 10, 2005 Order has not expired prior to the date hereof. However, the Issuer has certified that it does not intend to appeal such Order and the other parties to such Order have stated that they do not

intend to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Both Orders are in full force and effect.

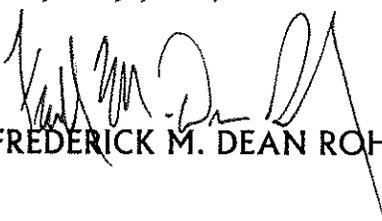
7. The Issuer had duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code 1931, as amended, and has duly complied with the provisions thereof.

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

9. I will verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and I will verify such insurance policies or binders and such bonds for accuracy. Prior to the execution of construction contract by the Issuer, I will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verify that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

  
FREDERICK M. DEAN ROHRIG, ESQ.



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**FREDERICK M. DEAN ROHRIG**  
**ATTORNEY AT LAW**

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March 11, 2005

Friendly Public Service District  
P.O. Box 138  
Friendly, WV 26146

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

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

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

RE: Final Title Opinion for the Friendly Public Service District

Ladies and Gentlemen:

I am counsel to the Friendly Public Service District (the "Issuer") in connection with a proposed project to construct a water system for the Bens Run Industrial Park in Tyler County, West Virginia (the "Project"). I am providing this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the Council") for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the BPH.
2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

Friendly Public Service District  
West Virginia Infrastructure and Jobs Development Council  
West Virginia Water Development Authority  
Steptoe & Johnson PLLC  
March 11, 2005  
Page 2

3. I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements, and/or right of way, required for the Project as set forth in the plans for the Project prepared by Cerrone Associates, Inc., the consulting engineers for the Project.

4. I have examined the records on file in the office of the Clerk of the County Commission of Tyler County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

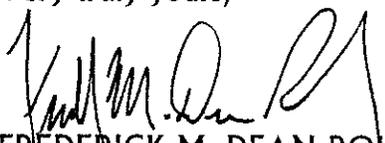
5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Tyler County, West Virginia, to permit the Issuer a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgement and/or award in the proceedings for acquisition of said properties, and my certification is subject to the following pending litigation:

<u>Name</u>	<u>Tax Map</u>	<u>Parcel</u>
Strategic Environmental Inc.	7	2.1

NOTE: Easement obtained from land owner. Action brought to insure subordination of liens.

6. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Tyler County to protect the legal title to and interest of the Issuer.

Very truly yours,



FREDERICK M. DEAN ROHRIG



FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Friendly Public Service District in Tyler and Wetzel Counties, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify on this the 11th day of March, 2005, in connection with the Issuer's Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), and Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) both dated the date hereof (collectively, the "Bonds" or the "Series 2005 Bonds"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted February 28, 2005, and the Supplemental Resolution duly adopted February 28, 2005 (collectively, the "Bond Legislation").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, the pledge of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of monies and security or the collection of the Gross Revenues or the pledge of the Net Revenues as security for the Bonds.

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

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 Bonds as to liens, pledge and source of and security for payment, being (i) Water Revenue Bond, Series 1994 A, dated June 22, 1994, issued in the original aggregate principal amount of \$360,000 (the "Series 1994 A Bond"); (ii) Water Revenue Bond, Series 1994 B, dated November 3, 1994, issued in the original aggregate principal amount of \$77,000 (the "Series 1994 B Bond"); and (iii) Water Revenue Bond, Series 1997, dated June 11, 1997, issued in the original aggregate principal amount of \$500,000 (the "Series 1997 Bond"). The Series 1994 A Bond, Series 1994 B Bond and Series 1997 Bond are hereinafter collectively referred to as the "Prior Bonds."

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2005 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 Resolutions.

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

Bond Resolution

Supplemental Resolution

Series 2005 A Loan Agreement

Series 2005 B Loan Agreement

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

County Commission and Public Service Commission Orders on the Creation and Expansion of the District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Notice of Filing

Minutes of Current Year Organizational Meeting

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

Evidence of USED A Grant

USDA Consent to Issuance of Parity Bonds

Bureau of Public Health Permit

Prior Bonds Resolutions

Water Purchase Agreement with City of Sistersville and GE Silicones, LLC

Evidence of Insurance

6. **INCUMBENCY AND OFFICIAL NAME, ETC.:** The proper corporate title of the Issuer is "Friendly Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Tyler County and political subdivision of the State of West Virginia. The Issuer operates the System in Tyler and Wetzel Counties, West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Charles Hendricks	January 1, 2003	December 31, 2008
Jeannie Mason	May 28, 2002	December 31, 2006
Dan Probst	January 1, 2005	December 31, 2010

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

Chairman - Charles Hendricks  
Secretary/Treasurer - Robert Patterson

The duly appointed and acting counsel to the Issuer is Frederick M. Dean Rohrig, Esquire in Middlebourne, West Virginia.

7. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired

by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

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

11. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on January 13, 2005, in Case No. 04-0059-PWD-30B, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Commission Order has expired prior to the date hereof without any appeal.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on September 30, 2004 and March 10, 2005, in Case No. 04-1087-PWD-PC-ECN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the acquisition and construction of the Project. The time for appeal of the September 30, 2004 Order has expired prior to the date hereof without

any appeal having been filed. The time for appeal of the March 10, 2005 Order has not expired on the date hereof. However, the Issuer hereby certifies that it does not intend to appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Both Orders remain in full force and effect.

13. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond for each series, numbered AR-1 and BR-1, respectively, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate, register and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreements. Said official seal is also impressed above the signatures appearing on this certificate.

14. **BOND PROCEEDS; GRANT:** On the date hereof, the Issuer received the sum of \$46,643, from the Authority and Council, being a portion of the principal amount of the Series 2005 A Bonds and \$40,000 from the Authority, being the entire principal amount of the Series 2005 B Bonds. The balance of the principal amount of the Series 2005 A Bonds will be advanced to the Issuer from time to time as construction of the Project progresses. As of the date hereof, the grant from the United States Economic Development Authority in the amount of \$1,100,000 is committed for the Project and in full force and effect.

15. **PUBLICATION OF NOTICE OF BORROWING AND PSC FILING:** The Issuer has published any required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

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

17. **CONFLICT OF INTEREST:** No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest"

shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. **PROCUREMENT OF ENGINEERING SERVICES:** The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

19. **INTERMUNICIPAL AGREEMENT:** The Issuer hereby certifies that it will promptly and diligently obtain the approval from the West Virginia Public Service Commission of the Water Purchase Agreement between the Issuer and the City of Sistersville regarding an extended term prior to 50% of the proceeds of the Series 2005 A Bonds being disbursed.

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

[Remainder of Page Intentionally Left Blank]

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Charles W. Hendricks

Chairman

Robert Patten

Secretary

\_\_\_\_\_

Counsel to Issuer

02/25/05  
311200.00002

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

[CORPORATE SEAL]

SIGNATURE

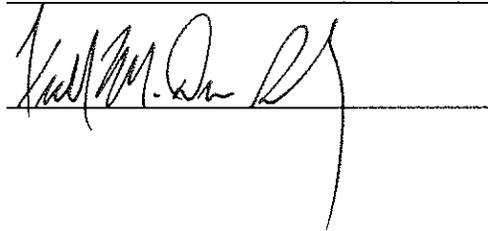
OFFICIAL TITLE

\_\_\_\_\_

Chairman

\_\_\_\_\_

Secretary

A handwritten signature in black ink, appearing to be "K. M. De R.", is written over a horizontal line. A vertical line extends downwards from the end of the signature.

Counsel to Issuer

02/25/05  
311200.00002



FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

On this 11th day of March, 2005, I, Manning Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments, improvements and extensions, (the "Project") to the existing public waterworks system (the "System") of Friendly Public Service District (the "Issuer"), to be constructed primarily in Tyler County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on February 28, 2005, as supplemented by the Supplemental Resolution adopted by the Issuer on February 28, 2005, and the Loan Agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated March 11, 2005 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council, and any change orders approved by the Council and the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, Frederick M. Dean Rohrig, Esquire, will, prior to the Issuer executing the construction contracts for the Project, ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the West Virginia Bureau for Public Health (the "BPH") and the

bid forms provided to the bidders contained the critical operational components of the Project; (vi) the successful bids included prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Michael D. Griffith, CPA, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Authority and the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal as of the date first written above.

CERRONE ASSOCIATES, INC.

(SEAL)

By:

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

02/25/05  
311200.00002

**SCHEDULE B**

02/23/2005

FRIENDLY PUBLIC SERVICE DISTRICT  
Bens Run Industrial Park Water Extensions

	TOTAL	EDA (80%)	IJDC LOAN
<b>A. COST OF PROJECT</b>			
1 Construction			
a. Contract 1 - Stonegate	573,294.00	458,600.00	114,694.00
b. Contract 2 - Mid Atlantic	395,713.00	316,600.00	79,113.00
<b>2 Technical Services - Cerrone</b>			
a. Basic	81,350.00	65,080.00	16,270.00
b. Inspection	62,850.00	50,280.00	12,570.00
c. Special Services	13,000.00	10,400.00	2,600.00
d. Water Well Testing (Prosonic)	22,100.00	17,680.00	4,420.00
<b>3 Legal/Fiscal</b>			
a. Legal - Title (Rohrig)	5,000.00	5,000.00	0.00
b. Legal - PSC (S&J)	7,500.00	7,500.00	0.00
c. Accounting (Griffith)	10,000.00	10,000.00	0.00
4 Administrative (Region 5)	10,000.00	10,000.00	0.00
5 Sites & Other Lands	20,000.00	20,000.00	0.00
<b>6 Miscellaneous</b>			
a. Electrical Materials	25,000.00	20,000.00	5,000.00
b. Chlorination/Flow Meter Equipment	7,000.00	5,600.00	1,400.00
c. Chlorination Structure Materials	3,000.00	2,400.00	600.00
d. DEP Permit/BPH Permit	1,720.00	1,376.00	344.00
e. CSX Permit /Fees	8,250.00	6,600.00	1,650.00
f. Telemetry	20,000.00	16,000.00	4,000.00
g. Maintenance Vehicle	21,500.00	0.00	21,500.00
7 Contingency	97,223.00	76,884.00	20,339.00
8 TOTAL of Lines 1 through 8	1,384,500.00	1,100,000.00	284,500.00
<b>B. SOURCES OF FUNDS</b>			
9 Federal Grants - USEDA	1,100,000.00	1,100,000.00	0.00
10 Any Other Source	0.00	0.00	0.00
11 TOTAL Lines 9 & 10	1,100,000.00	1,100,000.00	0.00
12 Net Proceeds from Bond Issue	284,500.00	0.00	284,500.00
<b>C. COST OF FINANCING</b>			
13 Funded Reserve	0.00	0.00	0.00
<b>14 Other Costs</b>			
a. Registrar Fees	500.00	0.00	500.00
b. Bond Counsel (Steptoe & Johnson)	15,000.00	0.00	15,000.00
15 Cost of Financing	15,500.00	0.00	15,500.00
16 Size of Bond Issue	300,000.00	0.00	300,000.00

FRIENDLY PUBLIC SERVICE DISTRICT

*Charles W. Hardich (Chair)*  
Signature of Authorized Representative

Date: 3-8-05

CERRONE ASSOCIATES, INC.

*Mammie Gynn*  
Signature of Consulting Engineer

Date: February 23, 2005





*Griffith & Associates*

*Certified Public Accountants & Consultants*

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CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

March 11, 2005

Friendly Public Service District  
Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

Friendly Public Service District  
Friendly, West Virginia

United States Department of Agriculture  
Parkersburg, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and  
Jobs Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Final Order of the Public Service Commission of West Virginia in Case No. 04-0059-PWD-30B, entered January 13, 2005, the projected operating expenses and the anticipated customer usage as furnished to me by Cerrone Associates, Inc., the Consulting Engineer to Friendly Public Service District (the "Issuer"), it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, 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 Issuer's Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) (collectively, 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, as defined in the Bond Resolution authorizing the Bonds.

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

Very truly yours,

Michael D. Griffith, CPA



FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Friendly Public Service District in Tyler and Wetzel Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$300,000 Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, dated March 11, 2005 (the "Series 2005 A Bonds" or "Bonds"), hereby certify on this the 11th day of March, 2005, as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on February 28, 2005 (the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on March 11, 2005, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal of the Series 2005 A Bonds and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2005 A Bonds were sold on March 11, 2005, to the Authority, pursuant to a loan agreement dated March 11, 2005, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$300,000 (100% of par), at which time, the Issuer received \$46,643 from the Authority and the Council, being a portion of the principal amount of the Series 2005 A Bonds. No accrued interest has been or will be paid on the Series 2005 A Bonds. The balance of the principal amount of the Series 2005 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2005 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of proceeds of the Bonds to expenditures for costs of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in Series 2005 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the acquisition and construction of the Project on or before January 11, 2006. The acquisition and construction of the Project is expected to be completed by October 11, 2005.

8. The total cost of the Project is estimated at \$1,400,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2005 A Bonds	\$ 300,000
USEDA Grant	<u>1,100,000</u>
Total Sources	<u>\$ 1,400,000</u>

USES

Acquisition and Construction of Project	\$1,384,500
Costs of Issuance	<u>\$ 15,500</u>
Total Uses	<u>\$1,400,000</u>

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2005 A Bonds:

- (1) Revenue Fund;
- (2) Depreciation Fund;
- (3) Series 2005 Bonds Construction Trust Fund;
- (4) Series 2005 A Bonds Sinking Fund; and
- (5) Series 2005 A Bonds Reserve Account.

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

As the Issuer receives advances of the monies derived from the sale of the Series 2005 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2005 Bonds Construction Trust Fund and applied solely to payment of the costs of the acquisition and construction of the Project and the costs of issuance and related costs.

11. Monies held in the Series 2005 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2005 A Bonds and will not be available to meet costs of acquisition and construction of the Project. Monies in the Series 2005 A Bonds Reserve Account will be used only for the purpose of paying principal of and interest, if any, on the Series 2005 A Bonds as the same shall become due, when other monies in the Series 2005 A Bonds Sinking Fund are insufficient therefor. All investment earnings on monies in the Series 2005 A Bonds Sinking Fund and Series 2005 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2005 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 7 months of the date hereof.
13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.
14. With the exception of the amount deposited in the Series 2005 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the acquisition and construction of the Project within 10 months from the date of issuance thereof.
15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.
16. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.
17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.
18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.
19. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.
20. The Issuer shall use the Bond proceeds solely for the costs of the acquisition and construction of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.
21. The Bonds are not federally guaranteed.
22. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.
23. The Issuer has either (a) funded the Series 2005 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2005 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2005 A Bonds

Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due, on the Bonds in the then current or any succeeding year. Monies in the Series 2005 A Bonds Reserve Account and the Series 2005 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the acquisition and construction of the Project.

24. Other than the Series 2005 B Bonds, there are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

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

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

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

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

FRIENDLY PUBLIC SERVICE DISTRICT

By: Charles W. Hendricks  
Its: Chairman

02/28/05  
311200.00002



**RESERVED**



State of West Virginia

County of Tyler, To-wit:

November 21, 1975

At a special meeting of the county commission of Tyler County, W. V. held at the courthouse thereof on the 21st day of November, 1975.

Present: Guy L. Nichols, President and Robert E. Roak, Commissioner.

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IN THE COUNTY COMMISSION OF TYLER COUNTY, WEST VIRGINIA

IN RE: FRIENDLY PUBLIC  
SERVICE DISTRICT

ORDER PROPOSING THE CREATION  
OF A PUBLIC SERVICE DISTRICT  
AND FIXING A DATE FOR HEARING

WHEREAS, this Commission is empowered by Chapter 16, Article 13(a), Section 2 of the Code of West Virginia of 1931, as amended, to propose the creation of public service districts within Tyler County on the Commission's own motion; and,

WHEREAS, the Friendly Water Association, a nonprofit corporation, created and organized to furnish water service to a portion of Union Magisterial District of Tyler County, including the Town of Friendly, has proposed to this Commission the creation of such a public service district; and,

WHEREAS, this Commission has received from the Town of Friendly, a certified copy of a Resolution consenting to the creation of such a public service district, a copy of which said Resolution is attached hereto; and,

WHEREAS, it appears desirable to this Commission to propose the creation of such a public service district and to fix a date for a public hearing upon the feasibility of the creation of such district, this Commission upon its own motion does accordingly, Order as follows:

1) Pursuant to Chapter 16, Article 13 (a), Section 2 of the Code of West Virginia of 1931, as amended, there is hereby proposed to be created a public service district to be known as Friendly Public Service District which shall include the following described territory in Union District of Tyler County:

BEGINNING at a point in the Ohio River at the common corner of Union and Lincoln Magisterial Districts of Tyler County and the Ohio-West Virginia border; thence in a southeasterly direction with the Union-Lincoln Magisterial District boundary 9,450 feet; thence with the same magisterial boundary ~~22,500 feet~~ ~~with the~~ meandering for 5,740 feet to its junction with W. Va. Road 3/2; thence in a southwesterly direction 11,300 feet to a point in the intersection of W. Va. Roads 6 and 8 the East Friendly and Thorne Ridge intersection; thence in a northwesterly direction 22,600 feet to the intersection of W. Va. State Route No. 2 and Secondary Road 2/4, Wells Run Road; thence in a northwesterly direction 1,600 feet to the W. Va.-Ohio border in the Ohio River; thence with the Union Magisterial District boundary, which is also the Ohio-W. Va. border 22,500 feet to the place of beginning, which said territory is shown upon a map prepared by Cerrone and Vaughn, Inc., Consulting Engineers, dated November 30, 1973, a copy of which said map is on file in the Office of the Clerk of this Commission.

2) That on the 15th day of December, 1975, at the hour of 10:00 o'clock A. M., this Commission shall meet in the Courthouse of Tyler County, West Virginia, at Middlebourne, West Virginia, for the purpose of conducting a public hearing pursuant to Chapter 16, Article 13(a) of said Code relative to the creation of Friendly Public Service District, at which time and place all interested persons residing in or owning or having any interest in any property in the proposed Friendly Public Service District may appear before this Commission and shall have an opportunity to be heard for and against the creation of said District, and at such hearing this Commission shall consider and determine the feasibility of the creation of the proposed Friendly Public Service District, including the territory above described.

3) That the proposed public service district to be known as Friendly Public Service District be proposed to have the general purpose stated in Chapter 16, Article 13(a), Section 1 of the Code of West Virginia of 1931, as amended, including the maintenance, operation, improvement and extension of properties, supplying water and sewerage services within the territory hereinabove described.

4) It is further Ordered that the Clerk of this Commission do cause a notice of such hearing substantially in the form hereinafter set out to be published as a Class One legal advertisement in a newspaper of general circulation in Tyler County, and further that the said Clerk do cause copies of the said notice to be posted in at least five conspicuous places in the proposed Friendly Public Service District prior to the date of said hearing, which said publication and posting shall be not less than ten days prior to said hearing, and which said notice shall be in substantially the following form:

IN THE COUNTY COMMISSION OF TYLER COUNTY, WEST VIRGINIA

IN RE: FRIENDLY PUBLIC  
SERVICE DISTRICT

NOTICE OF PUBLIC HEARING  
RELATIVE TO THE CREATION  
OF FRIENDLY PUBLIC SERVICE DISTRICT

Notice is hereby given that on the 21st day of November, 1975, the County Commission of Tyler County on its own motion entered an Order proposing the creation of a public service district in Union Magisterial District of Tyler County, West Virginia, pursuant to Chapter 16, Article 13(a) of the Code of West Virginia of 1931, as amended, having the purpose stated in said Chapter 16, Article 13(a), Section 1 of the said Code including the maintenance, operation, improvement, and extension of properties supplying water and sewerage services within the territory hereinafter described, which said proposed public service district is to be named Friendly Public Service District, and which public service district shall include the following territory in Friendly Magisterial District, Tyler County, West Virginia:

BEGINNING at a point in the Ohio River at the common corner of Union and Lincoln Districts of Tyler County and the Ohio-West Virginia border; thence in a southeasterly direction with the Union-Lincoln Magisterial District boundary 0.450 feet; thence with the same magisterial boundary meandering for 5,740 feet to its junction with U. Va. Road 3/2; thence in a southwesterly direction 11,300 feet to a point in the intersection of U. Va. Roads 4 and 3 the East Friendly and Thorne Ridge intersection; thence in a northwesterly direction 22,600 feet to the intersection of U. Va. State Route No. 2 and Secondary Road 2/4, Wells Run Road; thence in a northwesterly direction 1,600 feet to the U. Va.-Ohio border in the Ohio River; thence with the Union Magisterial District boundary, which is also the Ohio-W. Va. border, 22,500 feet to the place of beginning, which said territory is shown upon a map prepared by Cerrone & Vaughn, Inc., Consulting Engineers, dated November 30, 1973, a copy of which said map is on file in the Office of the Clerk of this Commission.

All persons residing in or owning or having any interest in property in said proposed Friendly Public Service District are hereby notified that the County Commission of Tyler County, West Virginia, will conduct a public hearing on December 15, 1975, at 10:00 o'clock A. M., in the County Courtroom of the Tyler County Courthouse at Middlebourne, 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 Friendly Public Service District, and at which time and place the County Commission of Tyler County, West Virginia, shall consider and determine the feasibility of the creation of the proposed Friendly Public Service District.

Arthur Spencer  
Arthur Spencer, Clerk of the County  
Commission of Tyler County, West  
Virginia

WEST VIRGINIA, TYLER COUNTY

I, Gertie I. Archer, Clerk of the County Commission do hereby certify that the foregoing writing is a true and correct copy as appears of record in my office General Order Book No. 17 at Page No. 308-309, of said records.

Given under my hand and Seal of said Office this 6th day of June, 1997.

*Gertie I. Archer*  
Clerk Tyler County Commission

RESOLUTION OF THE TOWN COUNCIL  
OF THE TOWN OF FRIENDLY

WHEREAS, the Town of Friendly now receives water service from the Friendly Water Association, a nonprofit corporation created and organized for the purpose of supplying water service to an area including the Town of Friendly in Tyler County, West Virginia; and,

WHEREAS, the Friendly Water Association has requested the County Court of Tyler County to create a public service district pursuant to Chapter 16, Article 13(a) of the Code of West Virginia of 1931, as amended, which said public service district is proposed to include an area including the area within municipal boundaries of the Town of Friendly, and which said public service district shall have the purpose set forth in Chapter 16, Article 13(a), Section 1 of said Code including the provision of water facilities and sewer facilities as therein defined; and,

WHEREAS, Chapter 16, Article 13(a), Section 2 of said Code provides for the adoption of a Resolution by any incorporated town to be included within such proposed public service district; and,

WHEREAS, the council of the Town of Friendly does hereby find that it is in the best interest of the Town of Friendly to be included in said proposed public service district, and that the creation of such proposed public service district will be conducive to the preservation of public health, comfort, and convenience in the area to be served, including the Town of Friendly.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1) That the Town of Friendly pursuant to Chapter 16, Article 13(a), Section 2 of the Code of West Virginia, does hereby

consent to the creation of a public service district having as its purpose the provision of water facilities and sewer facilities to an area including the municipal boundaries of the Town of Friendly.

2) That the recorder shall prepare and certify a copy of this Resolution and deliver the same to the County Court of Tyler County.

Dated this 18<sup>th</sup> day of November, 1975.

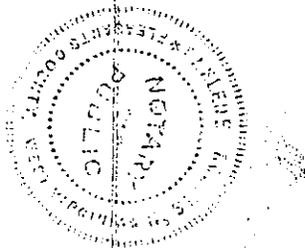
CERTIFICATE

The undersigned recorder of the Town of Friendly do hereby certify that the forgoing and hereto annexed Resolution is a true and exact copy of a Resolution adopted at a meeting of the council of the Town of Friendly held on November 18, 1975, at which said meeting a quorum was present.

GIVEN under my hand and seal this 18<sup>th</sup> day of November, 1975.

SEAL:

Carlton Taylor  
Recorder

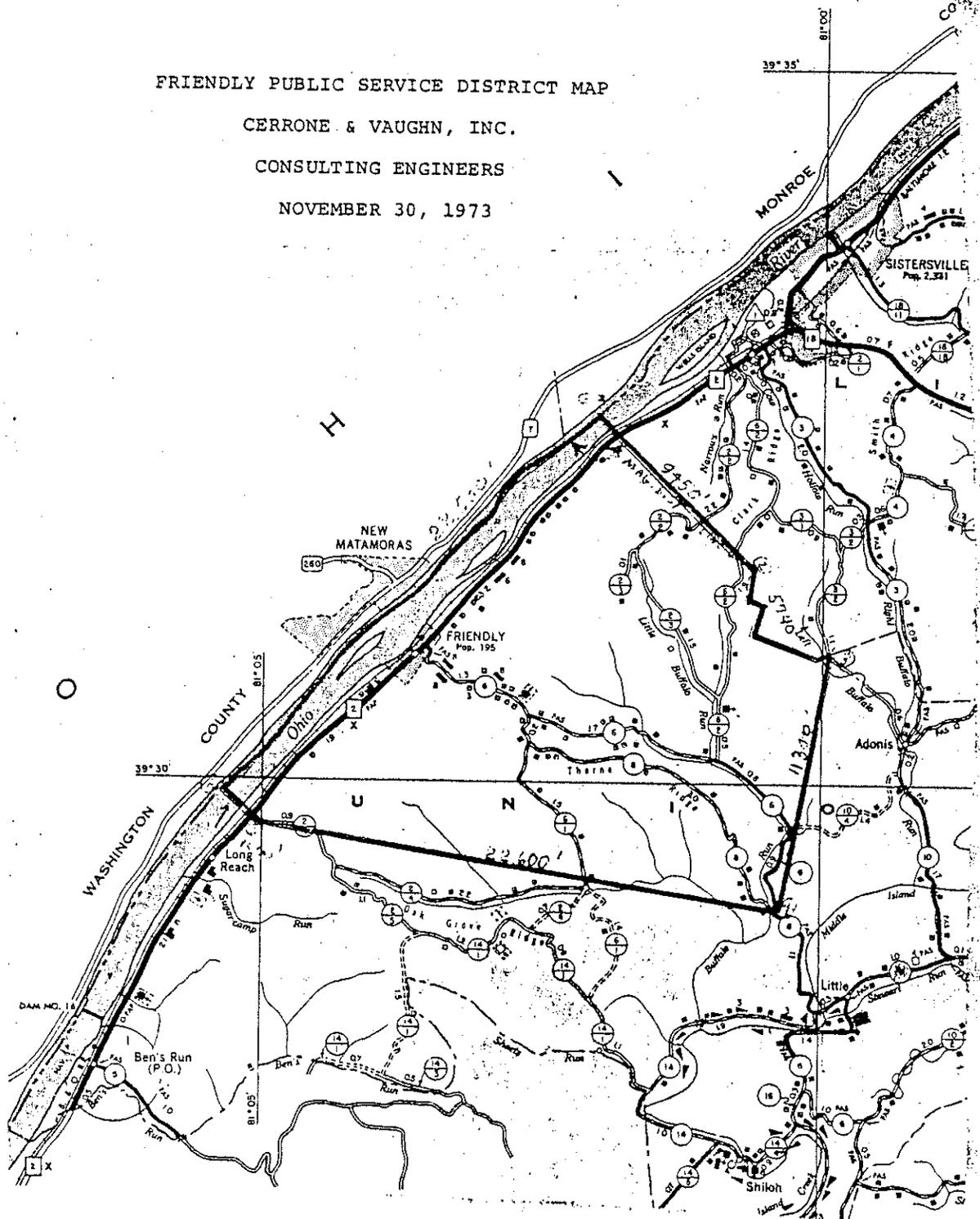


FRIENDLY PUBLIC SERVICE DISTRICT MAP

CERRONE & VAUGHN, INC.

CONSULTING ENGINEERS

NOVEMBER 30, 1973



State of West Virginia

County of Tyler, to-wit:

December 15, 1975

At a special session of the county commission of Tyler County held at the courthouse hereof on the 15th day of December, 1975.

Present: Guy L. Nichols, President and Robert E. Doak, Commissioner.

\*\*\*\*\*

IN THE COUNTY COMMISSION OF TYLER COUNTY, WEST VIRGINIA

IN RE: FRIENDLY PUBLIC SERVICE DISTRICT

ORDER CREATING FRIENDLY PUBLIC SERVICE DISTRICT

On the 15th day of December, 1975, this matter came on again to be heard, this Commission having heretofore on November 21, 1975, fixed this date for a public hearing on the creation of the proposed Friendly Public Service District, and having provided in the said Order that any 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 hearing and have an opportunity to be heard for and against the creation of said public service district.

It appearing to the Commission from the return of the Sheriff of Tyler County that notice of the time and place of this hearing was duly posted in five public places within the boundaries of the proposed Friendly Public Service District, in accordance with Chapter 16, Article 13 (a) of the Code of West Virginia of 1931, as amended, and it further appearing to the Commission from the certificate of the publisher thereof that notice of the time and place of this hearing was duly published in the Star News, a newspaper of general circulation in Tyler County, West Virginia, as required by Chapter 16, Article 13(a) of the Code of West Virginia of 1931, as amended, which said Sheriff's return and publisher's certificate are hereby Ordered to be filed herein, and it further appearing to the Commission that all interested persons have been afforded an opportunity to be heard for and against the creation of the said public service district, and it further appearing to the Commission that no written protest have been filed by any qualified voters registered and residing within the said proposed Friendly Public Service District, the Commission did proceed to hear and consider testimony and evidence relating to the feasibility of the creation of the said public service district, from all of which the Commission does find that it is feasible and desirable to

create the proposed Friendly Public Service District and that the construction and acquisition and maintenance, operation, and improvement of the public service property by the proposed public service district will be conducive to the preservation of public health and convenience within the area of the proposed public service district hereinafter described. It is accordingly Ordered as follows:

1) That a public service district within Friendly Magisterial District, Tyler County, West Virginia is hereby created, which said District shall have the following boundaries and include the following territory:

BEGINNING at a point in the Ohio River at the common corner of Union and Lincoln Magisterial Districts of Tyler County and the Ohio-West Virginia border; thence in a southeasterly direction with the Union-Lincoln Magisterial District boundary 9,450 feet; thence with the same magisterial boundary meandering for 5,740 feet to its junction with W. Va. Road 3/2; thence in a southwesterly direction 11,300 feet to a point in the intersection of W. Va. Roads 6 and 8 the East Friendly and Thorne Ridge intersection; thence in a northwesterly direction 22,600 feet to the intersection of W. Va. State Route No. 2 and Secondary Road 2/4, Wells Run Road; thence in a northwesterly direction 1,600 feet to the W. Va.- Ohio border in the Ohio River; thence with the Union Magisterial District boundary, which is also the Ohio-W.Va. border, 22,500 feet to the place of beginning, which said territory is shown upon a map prepared by Cerrone & Vaughn, Inc., Consulting Engineers, dated November 30, 1973, a copy of which said map is on file in the Office of the Clerk of this Court.

2) That said public service district so created shall have the name and corporate title of Friendly Public Service District, and shall constitute a public corporation and political subdivision of the State of West Virginia, having all of the rights, powers and duties conferred upon public service districts by the laws of the State of West Virginia, and particularly by Chapter 16, Article 13(a) of the Code of West Virginia of 1931, as amended, including the construction or acquisition and maintenance, operation, and improvement, and extension of properties supplying both water and sewerage services.

ENTER: Guy L. Nichols  
President, County Commission of  
Tyler County, West Virginia

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IN THE COUNTY COMMISSION OF TYLER COUNTY, WEST VIRGINIA

IN RE: FRIENDLY PUBLIC  
SERVICE DISTRICT

ORDER APPOINTING MEMBERS  
OF THE PUBLIC SERVICE BOARD

This Commission having heretofore on December 15, 1975, duly created the Friendly Public Service District in accordance with Chapter 16, Article 13(a) of the Code of West Virginia of 1931, as amended, and it appearing to the Court that there is no city, incorporated town, or other municipal corporation having a population in excess of 3,000 located within the said District, the Commission does hereby appoint the following persons, each of whom resides within the boundaries of the said District to serve as members of the Public Service Board of Friendly Public Service District, to serve the following terms of office:

<u>NAME</u>	<u>ADDRESS</u>	<u>TERM</u>
James L. McIntyre	Route 1, Box 15 Friendly, W. V.	Six year, expiring <u>January 1, 1981.</u>
William H. Jemison	Route 1, Box 43 Friendly, W. V.	Four years, expiring <u>January 1, 1979.</u>
Gene M. Chute	Route 1 Sistersville, W. V. (Davenport)	Two years, expiring <u>January 1, 1977.</u>

COUNTY COMMISSION OF TYLER COUNTY

By Guy L. Nichols  
President.

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After the meeting for the public service hearing was adjourned the commission then took up the consideration of the bids for the County Car. The commission accepted the

COUNTY COMMISSION OF TYLER COUNTY, WEST VIRGINIA

in re FRIENDLY PUBLIC SERVICE DISTRICT

AN ORDER PROPOSING AN AMENDMENT  
TO THE ABOVE PUBLIC SERVICE DISTRICT ENLARGING THE SAME AND FIXING A DATE  
FOR A HEARING

WHEREAS, this Commission is empowered by Chapter 16, Article 13(a), Section 2 of the code of West Virginia of 1931, as amended to enlarge the Friendly Public Service District if such be necessary, feasible and proper; and

WHEREAS, the clerk of the said commission upon its own motion has filed a petition to enlarge the Friendly Public Service District to include all of Tyler county as defined on pages 87 through 89 of Chapter 11 of the Acts of Legislature of the State of Virginia dated the 6th day of December, 1814, on page 154 of Chapter 86, of the 1815-1816 Acts of the Legislature of the state of Virginia defining the division line between Tyler and Harrison counties and on page 129 of the Acts by the 1868 Legislature of the state of West Virginia altering the division line between Tyler and Wetzel counties, except the area within the corporate limits of the city of Sistersville, and the towns of Paden City and Middlebourne; and

WHEREAS, it appears desirable to this commission to enlarge said Friendly Public Service District and to fix a date for a public hearing upon the feasibility of such an enlargement, this commission, upon its own motion, does accordingly order as follows:

1. Pursuant to Chapter 16, Article 13(a), Section 2 of the code of West Virginia of 1931, as amended, Friendly Public Service District be enlarged to include all of Tyler county as defined on pages 87 through 89 of Chapter 11 of the Acts of Legislature of the state of Virginia dated the 6th day of December, 1814, on page 154 of Chapter 86, of the 1815-1816 Acts of the Legislature of the state of Virginia defining the division line between Tyler and Harrison counties and on page 129 of the Acts by the 1868 Legislature of the state of West Virginia altering the division line between Tyler and Wetzel counties, except the area within the corporate limits of the city of Sistersville, and the towns of Paden City and Middlebourne, in addition to the area presently within said Public Service District.

2. That on the 10th day of January, 1980, at the hour of 7:30 o'clock P.M., this commission shall meet in the courthouse of Tyler county, West Virginia, at Middlebourne, West Virginia, for the purpose of conducting a public hearing pursuant to Chapter 16, Article 13(a) of said code relative to the enlargement of the Friendly Public Service District; at

which time and place all interested person residing in or owning or having any interest in any property in the proposed Friendly Public Service District may appear before this commission and shall have an opportunity to be heard for and against the creation of said district, and at such hearing this commission shall consider and determine the feasibility of the enlargement of the Friendly Public Service District, including the territory described above.

3. That the proposed public service district to be enlarged shall continue to be known as the Friendly Public Service District and shall have the general purpose stated in Chapter 16, Article 13(a), Section 1 of the code of West Virginia of 1931, as amended, including the maintenance, operation, improvement and extension of properties, supplying water and sewerage services within the territory hereinabove described.

4. It is further ordered that the clerk of this commission shall cause a notice of such hearing substantially in the for hereinafter set out to be published as a Class One legal advertisement in a newspaper of general circulation in Tyler county, and further that the said clerk do cause copies of the said notice to be posted in at least five conspicuous places in the proposed Friendly Public Service District as enlarged prior to the date of said hearing, which said publication and posting shall be not less than ten days prior to said hearing, and which said notice shall be in substantially the following form:

NOTICE OF PUBLIC HEARING  
RELATIVE TO THE ENLARGEMENT  
OF FRIENDLY PUBLIC SERVICE DISTRICT

Notice is hereby given that on the 10th day of December, 1979, the county commission of Tyler county on its own motion entered an order proposing the enlargement of a Friendly Public Service District in Union magisterial district, Tyler county, West Virginia of 1931, as amended, having the purpose stated in said Chapter 16, Article 13(a), Section 1 of the said code including the maintenance, operation, improvement, and extension of properties supplying water and sewerage services within the territory hereinafter described, which said proposed public service district shall continue to be called Friendly Public Service District, and which public service district shall include all of Tyler county as defined on pages 87 through 89 of Chapter 11 of the Acts of Legislature of the state of Virginia dated the 6th day of December, 1814, on page 154 of Chapter 86, of the 1815-1816 Acts of the Legislature of the state of Virginia defining the division line between Tyler and Harrison counties and on page 129 of the Acts by the 1868 Legislature of the state of West Virginia altering the division line between Tyler and Wetzel counties, except the area within the corporate limits of the city of Sistersville, and the towns of Paden City and Middlebourne.

All persons residing in or owning or having any interest in property in the enlarged Friendly Public Service District are hereby notified that the county commission of Tyler county, West Virginia, will conduct a public hearing on January 10, 1980, at 7:30 o'clock P.M. in the county courtroom of the Tyler county courthouse at Middlebourne, 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 proposed Friendly Public Service District, and at which time and place the county commission of Tyler county, West Virginia, shall consider and determine the feasibility of the enlargement of the proposed Friendly Public Service District.

Dorothy M. Henderson  
Dorothy M. Henderson, Clerk of the  
County Commission of Tyler county, West  
Virginia.

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COUNTY COMMISSION OF TYLER COUNTY, WEST VIRGINIA

In re: FRIENDLY PUBLIC SERVICE DISTRICT

ORDER ENLARGING THE  
FRIENDLY PUBLIC SERVICE DISTRICT

On the 14th day of January, 19 80, this matter came on to be heard, this Commission having heretofore fixed this date for a public hearing on the enlargement of the Friendly Public Service District, and having provided in the Order that any persons residing in or owning or having any interest in property in the said proposed public service district might appear before the County Commission at this hearing and have an opportunity to be heard for and against the creation of said public service district.

It appearing to the Commission from the return of the Sheriff of Tyler county that notice of the time and place of this hearing was duly posted in five public places within the boundaries of the enlarged Friendly Public Service District, in accordance with Chapter 16, Article 13(a) of the code of West Virginia of 1931, as amended, and it further appearing to the Commission from the certificate of the publisher thereof that notice of the time and place of this hearing was duly published in the Star News, a newspaper of general circulation in Tyler county, West Virginia, as required by Chapter 16, Article 13(a) of the code of West Virginia of 1931, as amended, which said Sheriff's return and publisher's certificate are hereby ordered to be filed herein, and it further appearing to the Commission that all interested persons have been afforded an opportunity to be heard for and against the enlargement of the

said public service district, and it further appearing to the Commission that no written protests have been filed by any qualified voters registered and residing within the said proposed Friendly Public Service District, the Commission did proceed to hear and consider testimony and evidence relating to the feasibility of the enlargement of the said public service district, from all of which the Commission does find that it is feasible and desirable to enlarge the proposed Friendly Public Service District and that the construction and acquisition and maintenance, operation, and improvement of the public service property by the proposed public service district will be

78A conducive to the preservation of public health and convenience within the area of the proposed public service district herein-after described. It is accordingly ordered as follows:

1. That the Friendly Public Service District be enlarged to include all of Tyler county as defined on pages 87 through 89 of Chapter 11 of the Acts of Legislature of the state of Virginia dated the 6th day of December, 1814, on page 154 of Chapter 86, of the 1815-1816 Acts of the Legislature of the state of Virginia defining the division line between Tyler and Harrison counties and on page 129 of the Acts by the 1868 Legislature of the state of West Virginia altering the division line between Tyler and Wetzel counties, except the area within the corporate limits of the city of Sistersville, and the towns of Paden City and Middlebourne.

2. That said public service district so enlarged shall continue to have the same name and corporate title which is Friendly Public Service District, and shall constitute a public corporation and political subdivision of the state of West Virginia, having all of the rights, powers and duties conferred upon public service districts by the laws of the state of West Virginia, and particularly by Chapter 16, Article 13(a) of the code of West Virginia of 1931, as amended, including the construction or acquisition and maintenance, operation, and improvement, and extension of properties supplying both water and sewerage services.

ENTER: January 14, 1980.

  
\_\_\_\_\_  
President, County Commission of Tyler  
county, West Virginia.

NOTICE OF PUBLIC HEARING  
 RELATIVE TO THE ENLARGEMENT OF  
 FRIENDLY PUBLIC SERVICE DISTRICT  
 AND REDUCTION OF GRANDVIEW  
 LOCAL PUBLIC SERVICE DISTRICT.

Notice is hereby given that the County Commission of Wetzel County, West Virginia, by order entered of record on its own motion, has ordered to be held a public hearing regarding the enlargement of Friendly Public Service District as to its extent in the said public service district, for purposes of providing water service, across in Magnolia Magisterial District of Wetzel County, West Virginia, and to reduce the boundaries of the Grandview-Gookin Public Service District by the same date.

The areas sought to be enlarged and reduced by said public service districts for purposes of providing water service are located in the District of Magnolia, County of Wetzel, State of West Virginia, and are more particularly described by name and bounds as follows: Beginning at a point in the centerline of Padon Fork Road (C.R. #20) where the south-easterly corporation limit line of Padon City intersects said C.R. #20. Said point is further described as being located approximately 3,625 feet in a north-easterly direction from the intersection of C.R. #20 and State Route #2 along the centerline of C.R. #20 and its meanders thereat.

Thence, from said point of beginning with the south-easterly corporation limit line of Padon City in a north-easterly direction approximately 2,000 feet to a point located at the westerly most corner of the Padon City corporation limit line of Padon City to a south-easterly direction approximately 500 feet to a point on top of a ridge facing the right ascending bank of the Ohio River, Thence, following the top of said ridge approximately 4,000 feet to a point; Thence, continuing with said ridge to an easterly direction approximately 5,400 feet to a point, said point being located approximately 500 feet due south of the centerline of S.R. #2 and approximately 1,850 feet south-west of the intersection of Lively Run and the centerline of S.R. #2. Thence, leaving said ridge and crossing Lively Run in an easterly direction approximately 2,700 feet to a point on another ridge facing the right ascending bank of the Ohio River; Thence, leaving said ridge and running 400 feet north-west of and parallel with the centerline of W.V. S.R. #180 in a north-easterly direction approximately 600 feet to a point in a run; Thence, following said run in an easterly direction approximately 2,400 feet to a point where said run intersects with a power line, at 400 feet crossing the centerline of S.R. #180; Thence, following said power line in a south-easterly direction approximately 2,800 feet to its intersection with the centerline of New Martinsville Ridge Road (C.R. #150); Thence, leaving the centerline of C.R. #150 in a easterly direction approximately 600 feet to a point in the centerline of the main track of the railroad track running parallel with Fishing Creek, said point being located on the westerly side of the creek; Thence, following the centerline of said track and its meanders thereof, first in a south-westerly direction and then in a south-easterly direction approximately 5,000 feet to a point; Thence, leaving the centerline of said track, to a southerly direction approximately 1,840 feet to a point in a run, said point being located north-east of and on the perpendicular approximately 3,000 feet distant from the centerline of C.R. # 20; Thence, in a south-easterly direction approximately 4,080 feet to a point located on the Magnolia-Green Magisterial District Line, said point being located north-east of and on the perpendicular approximately 3,000 feet distant from the centerline of C.R. #20; Thence, with the Magnolia-Green Magisterial District Line approximately 3,000 feet to a point on a ridge, the westerly common corner of said districts, said point is further described as being located on the Tyler-Elizeworth Magisterial District - Wetzel County boundary line and situated east of and on the perpendicular approximately 440 feet distant from the centerline of C.R. #30; Thence, with the Tyler-Wetzel County boundary line a ridge to a north-westerly direction approximately 2,125 feet to a point in the centerline of C.R. #30 where the ridge intersects said road; Thence, continuing with the Tyler-Wetzel County boundary line and the centerline of C.R. #30 approximately 700 feet to a point where the north-easterly projection of the Tyler-Wetzel County boundary line intersects the said C.R. #30, said point being a common corner to Tyler and Wetzel Counties; Thence, with said Tyler-Wetzel County boundary line in a south-westerly direction approximately 12,440 feet to a point, said point being a common corner to Tyler and Wetzel Counties; Thence, with the Tyler-Wetzel County boundary line in a north-westerly direction approximately 15,000 feet to a point located on the south-easterly corporation limit line of Padon City, Thence, leaving said Tyler-Wetzel boundary line and with the south-easterly corporation limit line of Padon City in a north-easterly direction approximately 1,350 feet to the place of beginning.

All persons residing in, or owning, or having any interest in property in said districts are hereby notified that the County Commission of Wetzel County, West Virginia will conduct a public hearing on July 22, 1996, at 10:00 o'clock a.m., in the County Commission Room of the Wetzel County Courthouse at New Martinsville, West Virginia, at which time and place all interested persons may appear before said County Commission and shall have an opportunity to be heard for and against the enlargement

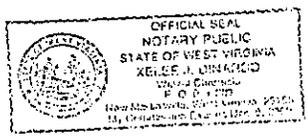
TYLER STAR NEWS

Sistersville, WV July 3 1996  
 State of West Virginia, County of Tyler:  
 Personally appeared before the undersigned, a Notary Public,  
Kenneth H. Sickle who, being duly sworn,  
 states that he is a manager of the Tyler Star News, a weekly  
 newspaper of general circulation, published at Sistersville,  
 County of Tyler, State of West Virginia, and that a copy of the  
 notice attached hereto was published for..... successive  
 weeks in the Tyler Star News, beginning on the 3rd day  
 of July, 1996... and ending on the 3rd day  
 of July, 1996..

*Kenneth H. Sickle*  
 Manager, Tyler Star News

Subscribed and sworn to before me, a Notary Public of said  
 County, on this 3rd day of July, 1996.  
*Notary Public*

My commission expires on the 9th day of December, 2000.



**TYLER STAR NEWS**

Sistersville, WV Nov 12 1996

State of West Virginia, County of Tyler:

Personally appeared before the undersigned, a Notary Public, Kenneth H. Sickle who, being duly sworn, states that he is a manager of the Tyler Star News, a weekly newspaper of general circulation, published at Sistersville, County of Tyler, State of West Virginia, and that a copy of the notice attached hereto was published for 1 successive weeks in the Tyler Star News, beginning on the 6<sup>th</sup> day of Nov, 1996, and ending on the 6<sup>th</sup> day of Nov, 1996.

Kenneth H. Sickle  
Manager, Tyler Star News

Subscribed and sworn to before me, a Notary Public of said County, on this 12<sup>th</sup> day of November, 1996.

[Signature] Notary Public

My commission expires on the 9th day of December, 2002.

Printers Fee.....

**NOTICE OF HEARING**  
On June 27, 1996, the Tyler County Commission filed a petition to enlarge the boundaries of the Friendly Public Service District into Wetzel County and to reduce accordingly the boundaries of the Grandview-Doolin Public Service District in Wetzel County pursuant to West Virginia Code 16-13A-2.  
A hearing will be held on this petition in the County Commissioners' Court Room, Tyler County Court House, Middlebourne, West Virginia, on November 15, 1996, at 9:30 a.m., and at the Wetzel County Commissioners' Court Room, Wetzel County Court House, New Martinsville, West Virginia, at 11:00 a.m., also on November 15, 1996. Anyone desiring to make protest to the petition of the Tyler and Wetzel County Commissioners may do so by appearing in person at either hearing.  
Tyler County Commission and  
Wetzel County Commission  
24 Nov 6

My Commission Expires Dec 9, 2002

IN THE COUNTY COMMISSION OF TYLER COUNTY, WEST VIRGINIA

IN RE: FRIENDLY PUBLIC SERVICE DISTRICT ENLARGEMENT

ORDER

On the 23rd day of July, 1996, at 9:00 a.m., this matter came on for Public Hearing. This Commission having heretofore by ORDER entered on the 25th day of June, 1996, which appears of record in General Order Book 19, at page 386, fixed this date and time for a public hearing on the enlargement of Friendly Public Service District, and having provided in said Order that all persons residing in, or owning, or having any interest in property in Friendly Public Service District, or in the proposed addition thereto, might appear before the Commission at this hearing and have an opportunity to be heard for and against the enlargement of the said public service district.

Thereupon, Frederick M. Dean Rohrig, Counsel for Friendly Public Service District, tendered to the Commission for filing, the following:

1) The affidavit of Kenneth H. Sickle that notice of the time and place of this hearing was published in the *Tyler Star News* on the 3rd day of July, 1996, which was more than ten days prior to the date of this hearing.

2) The affidavit of Kenneth H. Sickle that notice of the time and place of this hearing was published in the *Wetzel Chronicle* on the 3rd day of July, 1996, which was more than ten days prior to the date of this hearing.

3) The affidavit of Diane A. Mason that notice of the time and place of this hearing was posted by her in at least five conspicuous places more than ten days before the date of this hearing.

4) A certificate of service showing that a copy of the notice of the time and place of this hearing was mailed to the Clerk of the County Commission of Wetzel County, at the Wetzel County Courthouse, New Martinsville, West Virginia, more than ten days before the date of this hearing.

5) A certificate of service showing that a copy of the notice of the time and place of this hearing was mailed to the Acting Executive Secretary of the Public Service Commission of West Virginia, at 201 Brooks Street, Post Office Box 812, Charleston, West Virginia, more than ten days before the date of this hearing.

The Commission having examined the foregoing and the same appearing to be proper, these documents are hereby ordered to be filed herein.

It further appearing to the Commission that all interested persons have been afforded an opportunity of being heard, for and against, the enlargement of the said public service district, the Commission did proceed to hear and consider testimony and evidence relating to the necessity and feasibility of enlarging Friendly Public Service District, so as to include the territory described in the Petition heretofore filed herein, and in the notice hereinbefore referred to, from all of which the Commission does find that it is necessary, feasible and proper to enlarge Friendly Public Service District so as to include the territory described in said Petition; and that the enlargement of Friendly Public Service District will be conducive to the preservation of the public health, comfort and convenience within the area of the enlarged public service district.

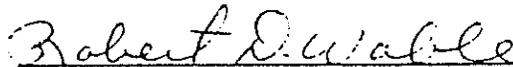
IT IS ACCORDINGLY ORDERED as follows:

1) That the boundaries of the Friendly Public Service District be enlarged so as to include within the boundaries of the said Friendly Public Service District, the area which is more fully described and set forth in Exhibit A attached hereto and made a part hereof by reference.

2) That the Petitioner cause a certified copy of this Order to be served upon the Executive Secretary of the Public Service Commission of West Virginia within ten days of its entry.

ENTERED this 23rd day of July, 1996.

THE COUNTY COMMISSION OF  
TYLER COUNTY



ROBERT D. WABLE

President

FEDERAL PUBLIC SERVICE DISTRICT  
 PROPOSED BOUNDARY EXPANSION  
 INTO  
 WETZEL COUNTY  
 1995

Beginning at a point in the centerline of Paden Fork Road (C.R. #26) where the south-easterly corporation limit line of Paden City intersects said C.R. #26. Said point is further described as being located approximately 2,625 feet in a north-easterly direction from the intersection of C.R. #26 and State Route #2 along the centerline of C.R. #26 and its meanders thereof.

Thence, from said point of beginning with the south-easterly corporation limit line of Paden City in a north-easterly direction approximately 2,900 feet to a point located at the easterly most corner of the Paden City corporation limit; Thence, projecting an extension of the north-easterly corporation limit line of Paden City in a south-easterly direction approximately 500 feet to a point on top of a ridge facing the right ascending bank of the Ohio River; Thence, following the top of said ridge approximately 4,000 feet to a point; Thence, continuing with said ridge in an easterly direction approximately 2,400 feet to a point, said point being located approximately 500 feet due south of the centerline of S.R. #2 and approximately 1,650 feet south-west of the intersection of Lively Run and the centerline of S.R. #2. Thence, leaving said ridge and crossing Lively Run in an easterly direction approximately 2,700 feet to a point on another ridge facing the right ascending bank of the Ohio River; Thence, with said ridge in a north-easterly direction 1,700 feet to a point located 400 feet north-west of the centerline of WV S.R. #180 and located approximately 2,750 feet north-east of the intersection of the centerline of S.R. #2 and Lively Run; Thence, leaving said ridge and running 400 feet north-west of and parallel with the centerline of WV S.R. #180 in a north-easterly direction approximately 600 feet to a point in a run; Thence, following said run in an easterly direction approximately 2,400 feet to a point where said run intersects with a power line, at 400 feet crossing the centerline of S.R. #180; Thence, following said power line in a north-easterly direction approximately 3,600 feet to its intersection with the centerline of New Martinsville Ridge Road (C.R. #30); Thence, leaving the centerline of C.R. #30, in a easterly direction approximately 860 feet to a point in the centerline of the main track of the railroad track running parallel with Fishing Creek, said point being located on the westerly side of the creek; Thence, following the centerline of said track and its meanderings thereof, first in

a south-westerly direction and then in a south easterly direction approximately 5,000 feet to a point; Thence, leaving the centerline of said track, in a southerly direction approximately 1,640 feet to a point in a run, said point being located north-east of and on the perpendicular approximately 3,000 feet distant from the centerline of C.R. #30; Thence, in a south-easterly direction approximately 4,680 feet to a point located on the Magnolia-Green Magisterial District Line, said point being located north-east of and on the perpendicular approximately 3,000 feet distant from the centerline of C.R. #30; Thence, with the Magnolia-Green Magisterial District Line approximately 3,000 feet to a point on a ridge, the westerly common corner of said districts, said point is further described as being located on the Tyler (Ellsworth Magisterial District) - Wetzel County boundary line and situated east of and on the perpendicular approximately 440 feet distant from the centerline of C.R. #30; Thence, with the Tyler-Wetzel County boundary line and a ridge in a north-westerly direction approximately 2,125 feet to a point in the centerline of C.R. #30 where the ridge intersects said road; Thence, continuing with the Tyler-Wetzel County boundary line and the centerline of C.R. #30 approximately 700 feet to a point where the north-easterly projection of the Tyler-Wetzel County boundary line intersects the said C.R. #30, said point being a common corner to Tyler and Wetzel Counties; Thence, with said Tyler-Wetzel County boundary line in a south-westerly direction approximately 12,400 feet to a point, Thence, with the Tyler-Wetzel County boundary line in a north-westerly direction approximately 15,000 feet to a point located on the south-easterly corporation limit line of Paden City. Thence, leaving said Tyler-Wetzel County boundary line and with the south-easterly corporation limit line of Paden City in a north-easterly direction approximately 1,350 feet to the place of beginning.

WEST VIRGINIA, TYLER COUNTY

I, Gertie I. Archer, Clerk of the County Commission do hereby certify that the foregoing writing is a true and correct copy as appears of record in my office Order Book No. 19 at Page No. 399, of said records.

Given under my hand and Seal of said Office this 24th day of July, 19 96.

  
Clerk Tyler County Commission

WETZEL CHRONICLE

WETZEL CHRONICLE 7-3  
LEGAL NOTICE

NOTICE OF PUBLIC HEARING  
RELATIVE TO THE ENLARGEMENT OF  
FRIENDLY PUBLIC SERVICE DISTRICT  
AND REDUCTION OF GRANDVIEW-  
DODDIN PUBLIC SERVICE DISTRICT.

Notice is hereby given that the County  
Commission of Wetzel County, West  
Virginia, by order entered of record on its  
own motion, has ordered to be held, a  
public hearing regarding the enlargement  
of Friendly Public Service District so as to  
include in the said public service district  
for purposes of providing water service,  
areas in Magnolia Magisterial District of  
Wetzel County, West Virginia, and to  
reduce the boundaries of the Grandview-  
Doddin Public Service District by the same  
act.

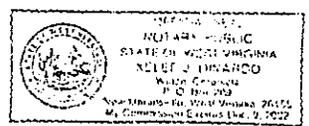
The areas sought to be enlarged and  
reduced by said public service districts for  
purpose of providing water service are  
located in the District of Magnolia,  
County of Wetzel, State of West Virginia,  
and are more particularly described by  
metes and bounds as follows: Beginning at  
a point in the centerline of Paden Park  
Road (C.R. #26) where the south-easterly  
corporation limit line of Paden City  
intersects said C.R. #26. Said point is  
further described as being located  
approximately 2,625 feet in a north-  
easterly direction from the intersection of  
C.R. #26 and State Route #2 along the  
centerline of C.R. #26 and its meanders  
thereof.

Thence, from said point of beginning  
with the south-easterly corporation limit  
line of Paden City in a north-easterly  
direction approximately 2,900 feet to a  
point located at the easterly most corner  
of the Paden City corporation limit line of  
Paden City in a south-easterly direction  
approximately 500 feet to a point on top  
of a ridge facing the right ascending bank  
of the Ohio River; Thence, following the  
top of said ridge approximately 4,000 feet  
to a point; Thence, continuing with said  
ridge in an easterly direction  
approximately 5,400 feet to a point; said  
point being located approximately 500 feet  
due south of the centerline of S.R. #2 and  
approximately 1,050 feet south-west of  
the intersection of Lively Run and the  
centerline of S.R. #2. Thence, leaving said  
ridge and crossing Lively Run in an  
easterly direction approximately 2,700  
feet to a point on another ridge facing the  
right ascending bank of the Ohio River;  
Thence, following the top of said ridge  
approximately 2,400 feet to a point; Thence,  
in a north-easterly direction approximately  
600 feet to a point in a run; Thence,  
following said run in an easterly direction  
approximately 2,400 feet to a point where  
said run intersects with a power line, at  
400 feet crossing the centerline of S.R.  
#180; Thence, following said power line in  
a north-easterly direction approximately  
2,600 feet to its intersection with the  
centerline of New Martinsville Ridge Road  
(C.R. #20); Thence, leaving the centerline  
of C.R. #20, in a easterly direction  
approximately 800 feet to a point in the  
centerline of the main track of the  
railroad track running parallel with  
Fishing Creek, said point being located on  
the westerly side of the track; Thence,  
leaving said track, in a south-  
westerly direction and then in a south  
easterly direction and then in a south  
easterly direction approximately 3,000  
feet to a point; Thence, leaving the center-  
line of said track, in a southerly direction  
approximately 1,840 feet to a point in a  
run, said point being located north-east  
of and on the perpendicular  
approximately 3,000 feet distant from the  
centerline of C.R. #30; Thence, in a  
south-easterly direction approximately  
4,030 feet to a point located on the  
Magnolia-Green Magisterial District Line,  
said point being located north-east of and  
on the perpendicular approximately 3,000  
feet distant from the centerline of C.R.  
#30; Thence, with the Magnolia-Green  
Magisterial District Line approximately  
3,000 feet to a point on a ridge, the  
westerly common corner of said district,  
said point is further described as being  
located on the Tyler (Eastworth  
Magisterial District) - Wetzel County  
boundary line and situated east and on  
the perpendicular approximately 50 feet  
distant from the centerline of C.R. #30;  
Thence, with the Tyler-Wetzel County  
boundary line a ridge in a north-westerly  
direction approximately 2,125 feet to a  
point in the centerline of C.R. #30 where  
the ridge intersects said road; Thence,  
continuing with the Tyler-Wetzel County  
boundary line and the centerline of C.R.  
#30 approximately 700 feet to a point  
where the north-easterly projection of the  
Tyler-Wetzel County boundary line  
intersects the said C.R. #30, said point  
being a common corner to Tyler and  
Wetzel Counties; Thence, with said Tyler-  
Wetzel County boundary line in a south-  
westerly direction approximately 12,400  
feet to a point, said point being a common  
corner to Tyler and Wetzel Counties;  
Thence, with the Tyler-Wetzel County  
boundary line in a north-westerly  
direction approximately 15,000 feet to a  
point located on the south-easterly  
corporation limit line of Paden City.  
Thence, leaving said Tyler-Wetzel  
boundary line and with the south-  
easterly corporation limit line of Paden  
City in a north-easterly direction  
approximately 1,350 feet to the place of  
beginning.

New Martinsville, WV ..... 1996.  
State of West Virginia, County of Wetzel.  
Personally appeared before the undersigned, a Notary Public,  
Kenneth H. Sickle who, being duly sworn,  
states that he is a manager of the Wetzel Chronicle, a weekly  
newspaper of general circulation, published at New Martinsville,  
County of Wetzel, State of West Virginia, and that a copy of the  
notice attached hereto was published for..... successive  
weeks in the Wetzel Chronicle, beginning on the ..... day  
of ..... 1996, and ending on the ..... day  
of ..... 1996.

[Signature]  
Manager, Wetzel Chronicle

Subscribed and sworn to before me, a Notary Public of said  
County, on this ..... day of ..... 1996.  
[Signature] Notary Public  
My commission expires on the ..... day of December, 2002.  
Printers Fee.....



IN THE COUNTY COMMISSION OF WETZEL COUNTY, WEST VIRGINIA

IN RE:

FRIENDLY PUBLIC SERVICE DISTRICT ENLARGEMENT  
AND  
REDUCTION OF GRANDVIEW-DOOLIN PUBLIC SERVICE DISTRICT

ORDER

On the 18th day of June, 1996, came Friendly Public Service District, by its Counsel, Frederick M. Dean Rohrig, who filed the joint petition of the Friendly Public Service District and Grandview-Doolin Public Service District. Thereafter Mr. Rohrig urged the Commission to enter an Order proposing to enlarge the Friendly Public Service District so as to include within the same, areas in Magnolia, West Virginia currently within Grandview-Doolin Public Service District, as more fully described in a written description and upon a plat, which are attached hereto as Exhibits "A" and "B".

It appearing to the Commission that the additional areas sought to be embraced by Friendly Public Service District are sufficiently described in the Exhibits; and it further appearing that the territory within the proposed enlargement is not embraced within the corporate limits of any municipality; and it appearing further by said petition that the territory of the proposed enlargement is currently embraced by the Grandview-Doolin Public Service District of Wetzel County which desires to abandon such territory to the Friendly Public Service District; and it further appearing to the Commission that it is necessary, feasible, and proper to enlarge the said Friendly Public Service District so as to include the areas

described in the Exhibits; thereby reducing the boundaries of Grandview-Doolin Public Service District; and it further appearing that this Commission is authorized by Chapter 16, Article 13A, Section 2 of the Code of West Virginia of 1931, as amended, to consider the enlargement and reduction of said districts, this Commission does accordingly, on its own motion, ORDER as follows:

1) That on July 23, 1996, at the hour of 10:00 o'clock, A.m., this Commission shall meet in the Wetzel County Courthouse, New Martinsville, West Virginia, for the purpose of conducting a public hearing pursuant to Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended, relative to the enlargement of Friendly Public Service District so as to include therein additional area of the Magisterial District of Wetzel County, West Virginia and the reduction of the Grandview-Doolin Public Service District by the same area, hereinafter more fully described, as shown on the Exhibits "A" and "B" attached hereto, at which time and place all persons residing in or owning or having any interest in property in said districts, may appear before this Commission and shall have an opportunity to be heard for and against the enlargement and reduction of said public service districts, and at such hearing this Commission shall consider and determine the feasibility of the enlargement of Friendly Public Service District and the reduction of Grandview-Doolin Public Service District and whether such boundary modifications, in order to furnish water service, will be conducive to the public health, comfort and convenience.

2) That the Clerk of the County Commission cause notice of such hearing, substantially in the form hereinafter set out, to be published in the *Wetzel Chronicle* at least once prior to the date of said hearing, which said publication shall be not less than ten (10) days prior to such hearing and which said notice shall be substantially in the following form:

NOTICE OF PUBLIC HEARING RELATIVE TO THE  
ENLARGEMENT OF FRIENDLY PUBLIC SERVICE DISTRICT  
AND REDUCTION OF GRANDVIEW-DOOLIN PUBLIC SERVICE DISTRICT

Notice is hereby given that the County Commission of Wetzel County, West Virginia, by order entered of record on its own motion, has ordered to be held, a public hearing regarding the enlargement of Friendly Public Service District so as to include in the said public service district, for purposes of providing water service, areas in Magnolia Magisterial District of Wetzel County, West Virginia, and to reduce the boundaries of the Grandview-Doolin Public Service District by the same area.

The areas sought to be enlarged and reduced by said public service districts for purposes of providing water service are located in the District of Magnolia, County of Wetzel, State of West Virginia, and are more particularly described by metes and bounds as follows:

See attached Exhibit "A" for more particular description.

All persons residing in, or owning, or having any interest in property in said districts are hereby notified that the County Commission of Wetzel County, West Virginia will conduct a public hearing on July 23, 1996, at 10:00 o'clock A.m., in the County Commission Room of the Wetzel County Courthouse at New Martinsville, West Virginia, at which time and place all interested persons may appear before said County Commission and shall have an opportunity to be heard for and against the enlargement of Friendly Public Service District and the reduction of Grandview-Doolin Public Service District, at which time and place the County Commission of Wetzel County, West Virginia shall determine whether it is necessary, feasible, and proper to enlarge and reduce the said districts, and whether the enlargement and reduction of said districts will be conducive to the preservation of public health, comfort and convenience of such area.

/s/ Mary Rikkenbach \_\_\_\_\_

Clerk of the County Commission  
of Wetzel County, West Virginia

3) That the Friendly and Grandview-Doolin Public Service Districts cause notice of such hearing, together with a copy of this order, to be given to the Executive Secretary of the Public Service Commission of West Virginia and that at least ten (10) days prior to such hearing.

4) That Friendly and Grandview-Doolin Public Service Districts cause notice of such hearing substantially in the form hereinabove set out to be posted in at least five (5) conspicuous places in the boundaries of the proposed enlargement and reduction, not less than ten (10) days before the date of the aforesaid hearing.

5) That Friendly Public Service District cause notice of such hearing to be given to the County Commission of Tyler County, West Virginia, and the Clerk thereof, substantially in the form hereinabove set out, not less than ten (10) days before the aforesaid hearing

THE COUNTY COMMISSION OF  
WETZEL COUNTY, WEST VIRGINIA

  
\_\_\_\_\_  
President

EXHIBIT "A"

FRIENDLY PUBLIC SERVICE DISTRICT  
PROPOSED BOUNDARY EXPANSION  
INTO  
WETZEL COUNTY  
1995

Beginning at a point in the centerline of Paden Fork Road (C.R. #26) where the south-easterly corporation limit line of Paden City intersects said C.R. #26. Said point is further described as being located approximately 2,625 feet in a north-easterly direction from the intersection of C.R. #26 and State Route #2 along the centerline of C.R. #26 and its meanders thereof.

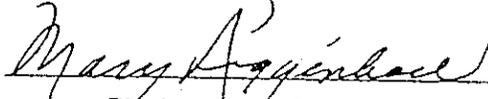
Thence, from said point of beginning with the south-easterly corporation limit line of Paden City in a north-easterly direction approximately 2,900 feet to a point located at the easterly most corner of the Paden City corporation limit; Thence, projecting an extension of the north-easterly corporation limit line of Paden City in a south-easterly direction approximately 500 feet to a point on top of a ridge facing the right ascending bank of the Ohio River; Thence, following the top of said ridge approximately 4,000 feet to a point; Thence, continuing with said ridge in an easterly direction approximately 5,400 feet to a point, said point being located approximately 500 feet due south of the centerline of S.R. #2 and approximately 1,650 feet south-west of the intersection of Lively Run and the centerline of S.R. #2. Thence, leaving said ridge and crossing Lively Run in an easterly direction approximately 2,700 feet to a point on another ridge facing the right ascending bank of the Ohio River; Thence, with said ridge in a north-easterly direction 1,700 feet to a point located 400 feet north-west of the centerline of WV S.R. #180 and located approximately 2,750 feet north-east of the intersection of the centerline of S.R. #2 and Lively Run; Thence, leaving said ridge and running 400 feet north-west of and parallel with the centerline of WV S.R. #180 in a north-easterly direction approximately 600 feet to a point in a run; Thence, following said run in an easterly direction approximately 2,400 feet to a point where said run intersects with a power line, at 400 feet crossing the centerline of S.R. #180; Thence, following said power line in a north-easterly direction approximately 3,600 feet to its intersection with the centerline of New Martinsville Ridge Road (C.R. #30); Thence, leaving the centerline of C.R. #30, in a easterly direction approximately 860 feet to a point in the centerline of the main track of the railroad track running parallel with Fishing Creek, said point being located on the westerly side of the creek; Thence, following the centerline of said track and its meanderings thereof, first in

a south-westerly direction and then in a south easterly direction approximately 5,000 feet to a point; Thence, leaving the centerline of said track, in a southerly direction approximately 1,640 feet to a point in a run, said point being located north-east of and on the perpendicular approximately 3,000 feet distant from the centerline of C.R. #30; Thence, in a south-easterly direction approximately 4,680 feet to a point located on the Magnolia-Green Magisterial District Line, said point being located north-east of and on the perpendicular approximately 3,000 feet distant from the centerline of C.R. #30; Thence, with the Magnolia-Green Magisterial District Line approximately 3,000 feet to a point on a ridge, the westerly common corner of said districts, said point is further described as being located on the Tyler (Ellsworth Magisterial District) - Wetzel County boundary line and situated east of and on the perpendicular approximately 440 feet distant from the centerline of C.R. #30; Thence, with the Tyler-Wetzel County boundary line and a ridge in a north-westerly direction approximately 2,125 feet to a point in the centerline of C.R. #30 where the ridge intersects said road; Thence, continuing with the Tyler-Wetzel County boundary line and the centerline of C.R. #30 approximately 700 feet to a point where the north-easterly projection of the Tyler-Wetzel County boundary line intersects the said C.R. #30, said point being a common corner to Tyler and Wetzel Counties; Thence, with said Tyler-Wetzel County boundary line in a south-westerly direction approximately 12,400 feet to a point, Thence, with the Tyler-Wetzel County boundary line in a north-westerly direction approximately 15,000 feet to a point located on the south-easterly corporation limit line of Paden City. Thence, leaving said Tyler-Wetzel County boundary line and with the south-easterly corporation limit line of Paden City in a north-easterly direction approximately 1,350 feet to the place of beginning.

WEST VIRGINIA, WETZEL COUNTY

I, MARY RIGGENBACH, Clerk of the County Commission do hereby certify that the foregoing writing is a true and correct copy as appears of record in my office County Commissioners Order Book No. 42 at Page No. - - of said records.

Given under my hand and Seal of said Office this 18th day of June, 1996.

  
Clerk Wetzel County Commission

WETZEL CHRONICLE

New Martinsville, WV Nov 12 1996.....

State of West Virginia, County of Wetzel:

Personally appeared before the undersigned, a Notary Public, Kenneth H. Sickle who, being duly sworn, states that he is a manager of the Wetzel Chronicle, a weekly newspaper of general circulation, published at New Martinsville, County of Wetzel, State of West Virginia, and that a copy of the notice attached hereto was published for 1 successive weeks in the Wetzel Chronicle, beginning on the 6<sup>th</sup> day of November, 1996, and ending on the 6<sup>th</sup> day of November, 1996

Kenneth H. Sickle  
Manager, Wetzel Chronicle

WETZEL CHRONICLE 11-8

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

CASE NO. 96-0736-PWD-PC

TYLER COUNTY COMMISSION AND WETZEL COUNTY COMMISSION

Petition for consent and approval seeking enlargement of boundaries of the Friendly Public Service District and reduction of the boundaries of Grandview-Doolin Public Service District with regard to areas in Magnolia Magisterial District in Wetzel County.

NOTICE OF HEARING

On June 27, 1996, the Tyler County Commission filed a petition to enlarge the boundaries of the Friendly Public Service District into Wetzel County and to reduce accordingly the boundaries of the Grandview-Doolin Public Service District in Wetzel County pursuant to West Virginia Code § 20-2-2.

A hearing will be held on this petition in the County Commissioner's Court Room, Tyler County Court House, Middlebourne, West Virginia, on November 15, 1996, at 9:30 a.m., and at the Wetzel County Commissioner's Court Room, Wetzel County Court House, New Martinsville, West Virginia, at 11:00 a.m., also on November 15, 1996. Anyone desiring to make protest to the petition of the Tyler and Wetzel County Commissions may do so by appearing in person at these hearings.

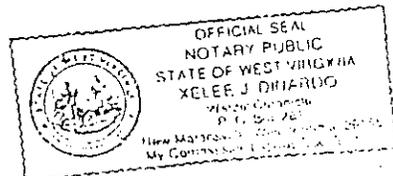
Tyler County Commission and Wetzel County Commission

Subscribed and sworn to before me, a Notary Public of said County, on this ..... day of ..... 1996.

[Signature] Notary Public

My commission expires on the ..9th.. day of ..December,....2002..

Printers Fee.....



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

FINAL

Entered: December 16, 1996

1-5-97

CASE NO. 96-0736-PWD-PC

TYLER COUNTY COMMISSION and WETZEL COUNTY  
COMMISSION

Petition for consent and approval  
seeking enlargement of boundaries of  
the Friendly Public Service District  
and reduction of the boundaries of  
Grandview-Doolin Public Service District  
with regard to areas in Magnolia  
Magisterial District in Wetzel County.

RECOMMENDED DECISION

On June 27, 1996, the Tyler County Commission filed a petition to enlarge the boundaries of the Friendly Public Service District into Wetzel County and to reduce accordingly the boundaries of the Grandview-Doolin Public Service District in Wetzel County, pursuant to West Virginia Code §16-13A-2.

By Order dated August 12, 1996, it was ordered that this proceeding be restyled as Tyler County Commission and Wetzel County Commission and this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before January 23, 1997.

On August 16, 1996, Ronald E. Robertson, Jr., Esquire, Staff Attorney, filed the Final Joint Staff Memorandum to which was attached the Final Staff Internal Memorandum of Mr. Robert M. Hubbard, Senior Utilities Analyst, Public Service District Division. Messrs. Hubbard and Robertson indicated that Staff had reviewed the data supplied by the County Commissions and that the modifications to the Friendly Public Service District and the Grandview-Doolin Public Service District are necessary to accommodate the proposed project as detailed and reviewed in Case No. 95-0764-PWD-CN, which is pending before the Commission. Staff opined that the County Commission has complied with the provisions of West Virginia Code §16-13A-2; therefore, Staff recommended approval of the petition for modification of the

District's boundaries as set forth in the petitions filed by the Tyler and Wetzel County Commissions.

By Order dated October 28, 1996, in accordance with the provisions of West Virginia Code §16-13A-2, these petitions were set for hearings to be held in the County Commission Room, Tyler County Court House, Middlebourne, West Virginia, and the County Commissioners' Room, Wetzel County Court House, New Martinsville, West Virginia, on November 15, 1996, at 9:30 a.m. and 11:00 a.m., respectively. Said Order also provided that the Tyler and Wetzel County Commissions provide notice of the hearings to be held by publishing a Notice of Hearing, once a week, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in each of Tyler and Wetzel Counties.

The hearings were held as scheduled in Middlebourne and New Martinsville. The Friendly Public Service District was represented by its Counsel, M. Dean Rohrig, Esquire. Commission Staff was represented by Cassius H. Toon, Esquire, Staff Attorney. At the hearing, the affidavits of publication were presented reflecting that proper publication had been made in both Tyler and Wetzel Counties.

No one appeared in protest to the petitions filed. (See, (Tr., p. 4).

#### FINDINGS OF FACT

1. On June 27, 1996, the Tyler County and Wetzel County Commissions filed petitions to enlarge the boundaries of the Friendly Public Service District into Wetzel County and to reduce accordingly the boundaries of the Grandview-Doolin Public Service District, in Wetzel County, pursuant to West Virginia Code §16-13A-2. (See, Petition).
2. On August 16, 1996, Ronald E. Robertson, Jr., Esquire, Staff Attorney, filed the Final Joint Staff Memorandum to which was attached the Final Staff Internal Memorandum of Mr. Robert M. Hubbard, Senior Utilities Analyst, Public Service District Division. Upon review of the data supplied by the County Commissions, Commission Staff found that the modifications to the Friendly Public Service District and the Grandview-Doolin Public Service District are necessary to accommodate the proposed project as set forth and reviewed in Case No. 95-0764-PWD-CN and opined that the County Commissions have complied with the provisions of West Virginia Code §16-13A-2. Staff recommended approval of the modification of the District's boundaries as set forth in the Tyler County and Wetzel County Commissions' orders. (See, Final Joint Staff Memorandum filed August 16, 1996).
3. By Order dated October 28, 1996, these matters were set for hearings to be held in Middlebourne, Tyler County, West Virginia, and in New Martinsville, Wetzel County, on November 15, 1996. Said Order also required the Tyler and Wetzel County Commissions to publish a Notice of Hearing, once in newspapers, duly qualified by the Secretary of State, published and of general circulation in both Tyler and Wetzel Counties. (See, Order dated October 28, 1996).

4. The Final Joint Staff Memorandum prepared in this case was marked, submitted and received as Staff Exhibit No. 1. (See, Tr., p. 5 and Staff Exhibit No. 1).

5. At the hearings held on November 15, 1996, the proper Affidavits of Publication were submitted, reflecting that publication had been made in accordance with the Commissions' requirements. (See, Affidavits of Publication, case file).

6. No one appeared at the hearing to give protest to the orders of the Tyler and Wetzel County Commissions. (See, Tr., p. 4).

#### CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that, since public hearings were held in both Tyler and Wetzel Counties, in accordance with the provisions of West Virginia Code §16-13A-2, on the orders of the Tyler and Wetzel County Commissions, after proper publication had been made of the date, time and place of said hearings, and no one appeared at the hearings to make protest to the orders, said orders should be approved.

#### ORDER

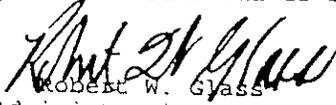
IT IS, THEREFORE, ORDERED that the July 23, 1996 Orders of the Tyler and Wetzel County Commissions to enlarge the boundaries of the Friendly Public Service District into Wetzel County and reduce accordingly the boundaries of the Grandview-Doolin Public Service District, in Wetzel County, be, and the same hereby are, approved.

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

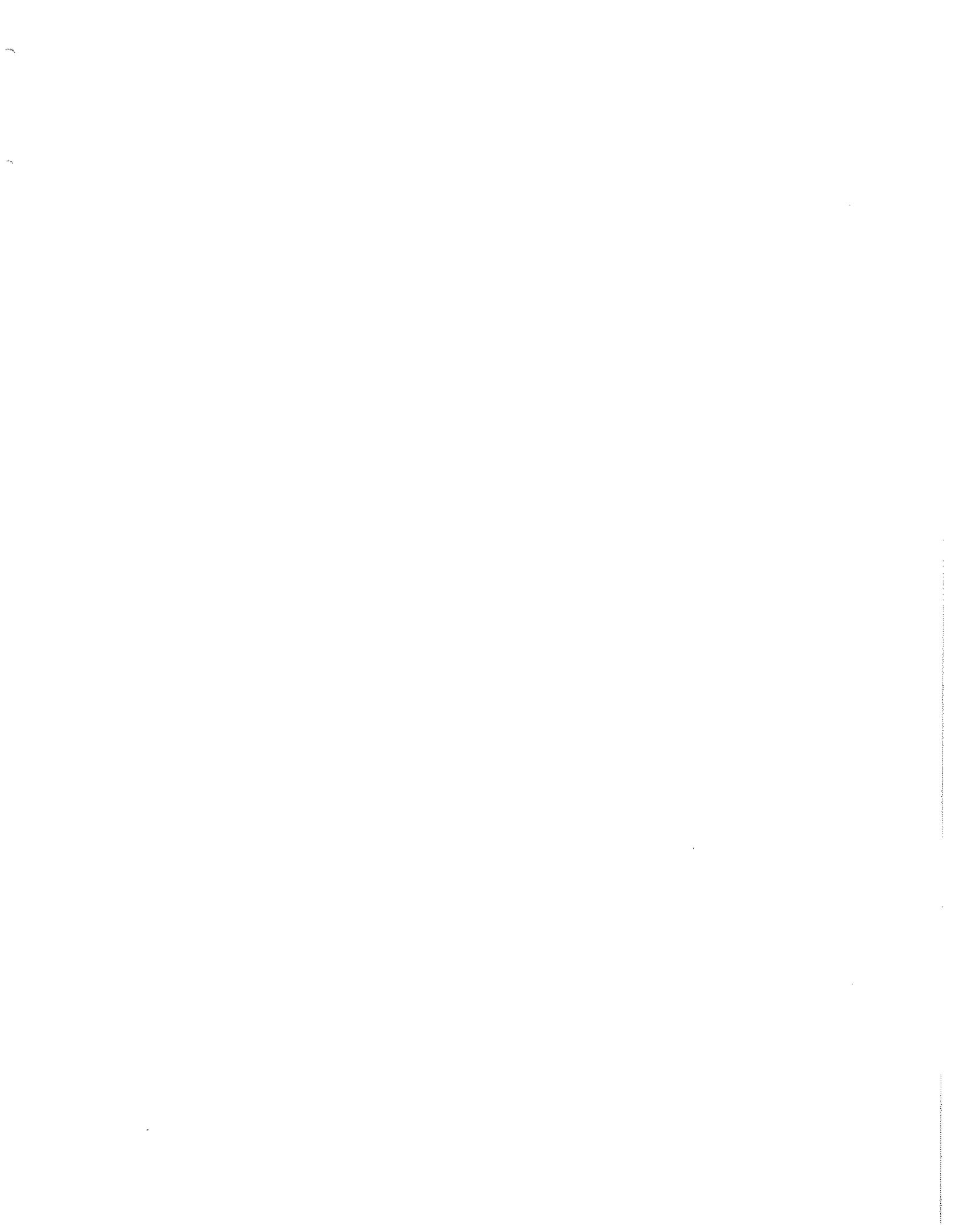
Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties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

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

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

  
Robert W. Glass  
Administrative Law Judge

RWG:jas



STATE OF WEST VIRGINIA  
COUNTY OF TYLER §

December 14, 2004

At a regular session of the Tyler County Commission held at the Courthouse thereof on the 14th day of December, 2004 at 9:00 A.M.

Present: Arthur W. Mason, President, Robert D. Wable and Edwin C. Weigle, Commissioners.

\*\*\*\*\*

On motion of Mr. Weigle, seconded by Mr. Wable, the minutes of the November 23, 2004 meeting were unanimously approved.

\*\*\*\*\*

On motion of Mr. Weigle, seconded by Mr. Wable, the Commission unanimously approved the following erroneous assessments presented by Donald A. Quinif, Assessor.

#98	Davis, Robert N.	#99	Chaplin, Steve M. & Nancy L.
#100	Phillips, Gary A. Sr. & Mary	#101	Davis, Robert N.

\*\*\*\*\*

The County Commission presented Assessor Quinif with a framed picture of the county courthouse, a pencil drawing by Larry McAllister, in recognition of Mr. Quinif's service to the county as County Commissioner then as Assessor. Mr. Quinif is retiring December 31, 2004.

\*\*\*\*\*

On motion of Mr. Wable, seconded by Mr. Weigle, the Commission unanimously approved the following fiduciary report submitted by the County Clerk.

**Order for Unadministered Estates:**  
Estate of: Forrest Lee Kelley and Russell F. Licht.

**Fiduciary Commissioner's Report of Claims & Report of Receipts Disbursements Distribution and Affidavit of Personal Representative:**  
Estate of: Robert E. Jemison

**Report of Receipts Disbursements Distribution and Affidavit of Personal Representative:**  
Estate of: John A. Gorrell

**Waiver of Final Settlement filed in Lieu of Report of Receipts Disbursements Distribution and Affidavit of Personal Representative:**  
Estate of: Sandra E. Eastham and Beulah L. Sychalla.

\*\*\*\*\*

Clay Hupp, Sheriff, reported he has received the School Resource Officer Grant and Lt. Earl P. Kendle will be the officer for the program. Sheriff Hupp requested the Commission to

approve Shannon Huffman as the entry-level deputy he has selected to fill the position vacated by the move of Lt Kendle to the school. The deputy will be paid \$10.87 per hour and will be required to be certified. Mr. Weigle made a motion to approve Shannon Huffman as the entry level deputy. Mr. Mason seconded the motion. The motion carried unanimously

\*\*\*\*\*

Sheriff Hupp requested the Commission to approve Steve Yoho of New Martinsville for the dispatcher position Shannon Huffman will vacate to accept the deputy sheriff position. Mr. Wable made a motion to approve Mr. Yoho as dispatcher. Mr. Mason seconded the motion. The motion carried unanimously.

\*\*\*\*\*

Sheriff Hupp talked to the Commission about upgrading the Sistersville Tower. Mr. Weigle made a motion to approve upgrading the tower. Mr. Weigle made a motion to advertise upgrading the tower for bids. Mr. Wable seconded the motion. The motion carried unanimously.

\*\*\*\*\*

Mr. Wable referred to a letter from MCI requesting the Commission to change the prosecuting attorney's long distance company to MCI. The prosecutor does not want to make the change so Mr. Wable said he would take care of the issue.

\*\*\*\*\*

Mr. Weigle reported that OES is practically ready to move into their new offices in the Senior Citizens Building. Mr. Wable reminded there will be no insurance on the equipment when it is moved from the former County Home to the Senior Citizens office and Wetzel Valley will need to be notified of this.

\*\*\*\*\*

Mr. Weigle also reported the Disaster Flood Relief Funding through NPWIB in the amount of \$210,810.00 has been approved.

\*\*\*\*\*

Mr. Mason reported the Bens Run Water Project bids will be open Friday December 17, 2004 at 1:00 pm at the courthouse.

\*\*\*\*\*

Upon recommendation of the Friendly Public Service District Board, Mr. Mason made a motion to approve Dan Probst of Paden City as a board member for the term of January 1, 2005 to December 31, 2010. Mr. Weigle seconded the motion. The motion carried unanimously. Mr. Probst will replace Arnold Jones on the board.



\*\*\*\*\*

Mr. Mason reported he sent a letter to David Joliffe, Executive Director of the Courthouse Improvement Facilities Authority requesting a six-month extension of the grant money. Mr. Wable will contact Mr. Rogers of WesBanco and advise him of this change.

\*\*\*\*\*

Mr. Wable made a motion to approve signing a letter of support for the Middlebourne Downtown Revitalization Project as requested by Gayla Fisher, Mayor.

Mr. Weigle seconded the motion. The motion carried unanimously.

\*\*\*\*\*

The Commission approved the following holiday hours for the courthouse to be open:

- Thursday December 23, 8:00 am to noon open
- December 24-26, (Friday, Saturday and Sunday) Closed
- December 30, 8:00 am to noon-open
- December 31-January 2, (Friday, Saturday and Sunday) closed

If the Governor declares other times, those times will be observed.

\*\*\*\*\*

On motion of Mr. Mason, seconded by Mr. Weigle, the Commission unanimously approved the payment of bills submitted since the last meeting of November 23, 2004.

\*\*\*\*\*

Ordered that this Commission adjourn without day, the proceedings of this session having been read and approved, the President is directed to sign the same.

*Arthur W. Mason*  
Arthur W. Mason, President



WEST VIRGINIA, TYLER COUNTY  
I, Lora G. Thomas, do hereby certify that the document to which this stamp is affixed is a true copy of the document recorded in this office in Gen. Order book 20, page 495.  
DATE 2-25-2005  
*Lora G. Thomas* CLERK, DEPUTY  
LORA G. THOMAS, CLERK

\*\*\*\*\*

A letter was read from F. M. Dean Rohrig, Prosecuting Attorney, telling the Commission of electrical surge problems to the main computer in the Prosecuting Attorney's Office.

\*\*\*\*\*

Mr. Mason read a note that had been put under the Prosecuting Attorney's door from the owners of the Ash property next door to the Magistrate Court Building. The letter complained about people coming and going from Magistrate Court and the Prosecuting Attorney's office parking in their back yard. The Commission will check with the Prosecuting Attorney or Henry Parsons about the situation.

\*\*\*\*\*

Mr. Mason made a motion to correct the minutes of February 11, 2003 where an erroneous reappointed of Arnold Jones to the Friendly Public Service District Board was made and to reappoint Charles Hendricks whose term expired December 31, 2002 to a 6-year term. Mr. Jones term did not expire until January 1, 2005. Mr. Wable seconded the motion. The motion carried unanimously.

\*\*\*\*\*

Mr. Mason made a motion to reappoint Eric Peters and Patrick Walsh to the Workforce Investment Board. Mr. Wable seconded the motion. The motion carried unanimously.

\*\*\*\*\*

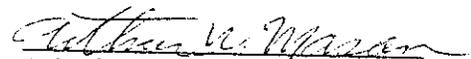
Mr. Mason reported that he had contacted Timothy Duff of Cellular One in Oklahoma in regards to the construction of a Cellular One Tower in Tyler County and Mr. Duff has made contact with Clay Hupp, Sheriff in the last couple of weeks. Mr. Mason will speak to Sheriff Hupp about the communications tower.

\*\*\*\*\*

On motion of Mr. Mason, seconded by Mr. Weigle, the Commission unanimously approved the payment of bills submitted since the last meeting of June 10, 2003.

\*\*\*\*\*

Ordered that this Commission adjourn without day, the proceedings of this session having been read and approved, the President is directed to sign the same.

  
Arthur W. Mason, President

\*\*\*\*\*

Mr. Mason read Robert Patterson's resignation from the Friendly Public Service District Board due to his election to the Wetzel County Board of Education.

Mr. Mason made the motion to accept Mr. Patterson's resignation with regret and expressed the appreciation of the Commission for his effort and the time given to the Friendly Public Service District Board as a member and chairman. Mr. Weigle seconded the motion. The motion carried unanimously.

Mr. Mason made the motion to tentatively appoint Jeannie Mason to fill the term vacated by Mr. Patterson's resignation. Mr. Weigle seconded the motion. The motion carried unanimously. The Prosecuting Attorney will be contacted to ascertain if it is mandatory to have one member of the board from Wetzel County.

\*\*\*\*\*

Mr. Mason made a motion that beginning July 1, 2002 the Commission will change their 7:00 pm meeting to 9:00 am. Mr. Weigle seconded the motion. The motion carried unanimously.

\*\*\*\*\*

Mr. Weigle made a motion to accept the bid from Mullets, in the amount of \$13, 813.00, for the E-911 parking lot. The lot will be paid for out of E-911 funds. Mr. Mason seconded the motion. The motion carried unanimously.

\*\*\*\*\*

On motion of Arthur W. Mason, seconded by Edwin C. Weigle, the Commission unanimously approved the payment of bills submitted since the last meeting of May 7, 2002.

\*\*\*\*\*

Ordered that this Commission adjourn without day, the proceedings of this session having been read and approved, the President is directed to sign the same.

*Robert D. Wable*  
Robert D. Wable, President

\*\*\*\*\*

Mr. Mason reported he has contacted F. M. Dean Rohrig, Prosecuting Attorney, and he believes there is no problem with the appointment of Jeannie Mason to the Friendly Public Service District. ✓

\*\*\*\*\*

Mr. Wable reported there is a problem with the sewer line in the basement and Valley Plumbing is to come and repair the problem.

\*\*\*\*\*

Mr. Wable reported that there had been an electrical surge due to a lightning strike that had damages some of the computer equipment in the courthouse. He had talked with CSSI and told them to go ahead and get the computers back up and running.

\*\*\*\*\*

On motion of Mr. Weigle, seconded by Mr. Wable, the commission unanimously approved the following budget revisions to the General County Fund Budget:

Account Name & Number	Increase	Decrease
<b>Expenditures</b>		
<b>County Commission</b>		
401-106-Retirement	7	
401-216-Maint & Rep. Equip	7,000	
401-221-Training & Education	650	
401-224-Audit Costs	2,500	
401-226-Insurance & Bonds	8,000	
401-341-Materials & Supplies	300	
401-566-Capital Outlay		18,457
<b>County Clerk</b>		
402-105-Insurance		70
402-218-Postage		25
402-221-Training & Education	770	
402-342-Record Books		675
<b>Circuit Clerk</b>		
403-103-Employees Salary & Wage		5,000
403-221-Training & Education	450	
403-341-Supplies	500	
976-459-Capital Outlay	2200	
<b>Circuit Clerk/Elections</b>		
414-212-Printing Ballots	2,025	
414-220-Legal Publication	525	
414-341-Supplies		700
<b>Prosecuting Attorney</b>		
405-341-Supplies	138	
405-342-Record Books	54	
978-459-Capital Outlay		192
<b>Assessor</b>		
406-102-Official's Salary	600	
406-103-Salary & Wages		2,500
406-341-Supplies	500	
406-459-Capital Outlay	2,000	
401-566-Co. Comm. Contributions & Transfers		600
<b>Statewide Computer Network</b>		
408-216-Maintenance & Repair	3,500	
401-566-Co Comm./Contributions & Transfers		3,500



OATH OF OFFICE

TYLER COUNTY COMMISSION	Clerk 04
MISCELLANEOUS	
Date :	01/05/2005
Time :	09:10
Inst # :	22041
Book :	1-
Page :	484-
Received:	.00
Tax :	.00

STATE OF WEST VIRGINIA, COUNTY OF TYLER §:

I, Dan Probst, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of a member of the Public Service Board of Friendly Public Service District, of Tyler County, West Virginia to the best of my skill and judgment, so help me God.

*Dan Probst*

Subscribed and sworn to before the undersigned County Clerk, this 5 day of January 2005.

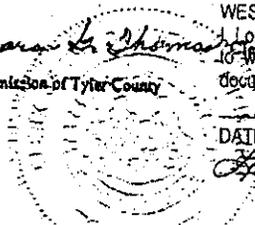
*Lora G. Thomas*  
Tyler County Clerk

TYLER COUNTY COMMISSION	Clerk 03
MISCELLANEOUS	
Date :	01/05/2005
Time :	10:19
Inst # :	22049
Book :	1-
Page :	484-
Received:	.00
Tax :	.00

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

The foregoing paper writing was presented for record in my office, and thereupon, together with the certificate thereto annexed, is admitted to record.

WEST VIRGINIA, TYLER COUNTY  
 Teste: *Lora G. Thomas* Lora G. Thomas, do hereby certify that the document to which this stamp is affixed is a true copy of the document recorded in this office in Miscellaneous book 1- page 484  
 DATE: 1-25-2005  
*Lora G. Thomas* CLERK, DEPUTY  
 LORA G. THOMAS, CLERK



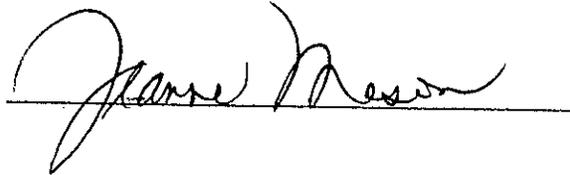
STATE OF WEST VIRGINIA

COUNTY OF TYLER to wit:

**OATH OF OFFICE**

I, Jeanie Mason, do solemnly swear that I will support the Constitution of the United States and the Constitution of West Virginia, and will execute and perform the duties of a member of the Public Service Board of Friendly Public Service District, Tyler County, West Virginia, to the best of my skill and ability, So Help Me God.

Term of Office: \_\_\_\_\_ to \_\_\_\_\_.

  
\_\_\_\_\_

Taken, subscribed and sworn to before me the undersigned Clerk/Notary Public on this 27th day of September, 2004.

~~Notary~~: My <sup>term</sup> ~~Commission~~ expires: 12-31-2004 .]

  
\_\_\_\_\_  
Clerk/Notary ~~Public~~

STATE OF WEST VIRGINIA

COUNTY OF TYLER to wit:

**OATH OF OFFICE**

I, Charles Hendricks, do solemnly swear that I will support the Constitution of the United States and the Constitution of West Virginia, and will execute and perform the duties of a member of the Public Service Board of Friendly Public Service District, Tyler County, West Virginia, to the best of my skill and ability, So Help Me God.

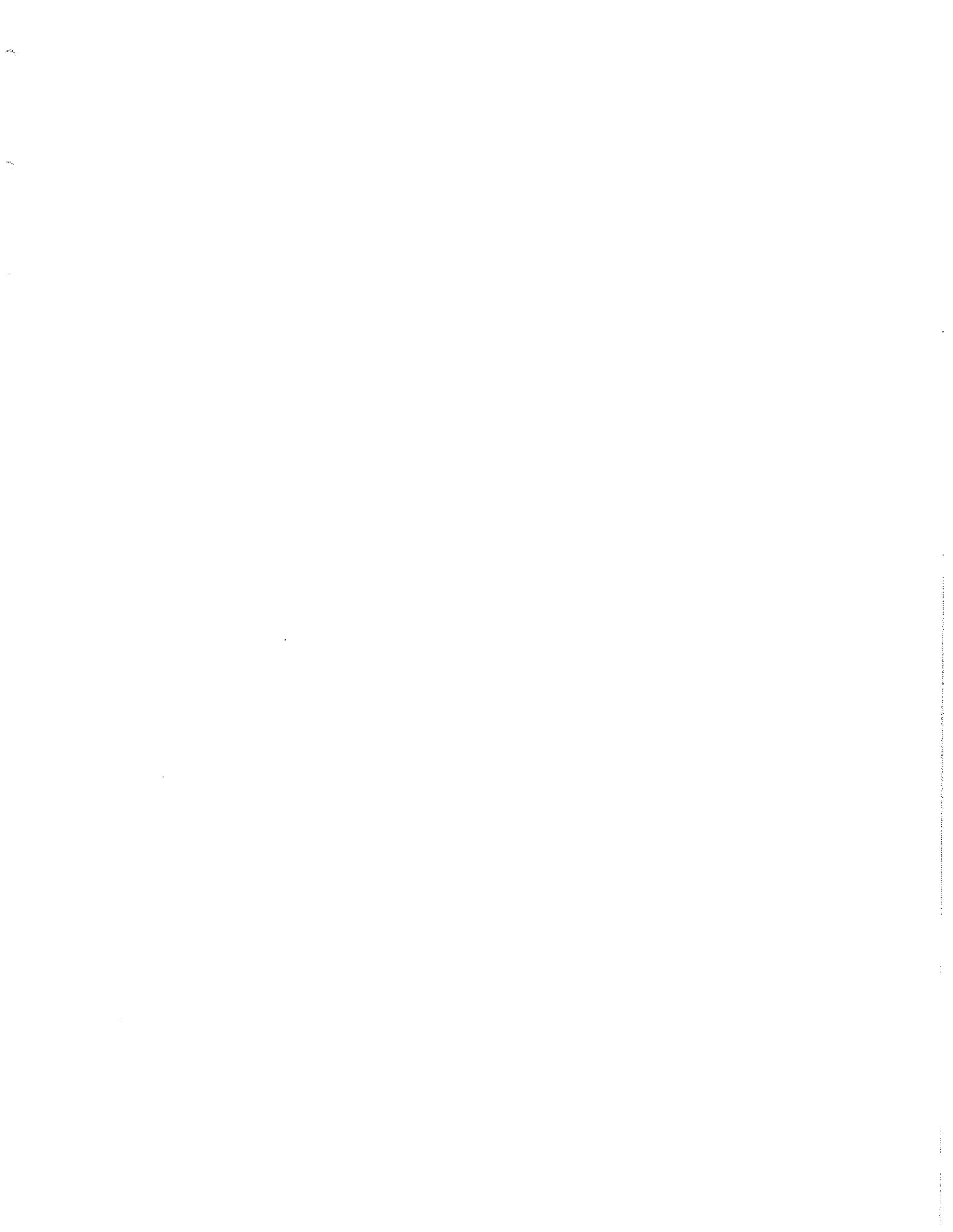
Term of Office: \_\_\_\_\_ to \_\_\_\_\_.

Charles W. Hendricks

Taken, subscribed and sworn to before me the undersigned Clerk/Notary Public on this 27th day of September, 2004.

[~~My~~ <sup>term</sup> My ~~Commission~~ expires: 12-31-2004.]

Lora A. Thomas  
Clerk/Notary Public



RULES OF PROCEDURE  
FRIENDLY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: FRIENDLY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at North State Rt. 2, Friendly, Tyler County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Friendly 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 Tyler 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 fourth Monday 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 Tyler 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 Tyler 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 27th day of September, 2004.



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered by the PUBLIC SERVICE  
COMMISSION OF WEST VIRGINIA in  
the City of Charleston on the 15th day  
of July, 2004.

CASE NO. 04-1087-PWD-PC-ECN

FRIENDLY PUBLIC SERVICE DISTRICT Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing water system; for approval of the financing; and for approval of a Water Purchase Agreement with GE Silicones, LLC.

NOTICE OF FILING

WHEREAS, on July 14, 2004, Friendly Public Service District filed an application, duly verified, for a Certificate to construct certain additions, improvements and extensions to its existing water system in Tyler County. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the Friendly Public Service District (District) estimates that construction will cost approximately one million six hundred twenty thousand dollars (\$1,620,000.00). It is proposed that the construction will be financed as follows: a loan from the West Virginia Infrastructure and Jobs Development Council (Council) in an amount not to exceed five hundred twenty thousand dollars (\$520,000.00); and a grant from the United States Economic Development Authority (USEDA) in the amount of one million one hundred thousand dollars (\$1,100,000.00). Pursuant to WV Code §31-15A-2(H), the Council has approved emergency status for this Project.

WHEREAS, the utility anticipates charging the following current water rates for its customers:

SCHEDULE NO. 1

APPLICABILITY  
Applicable within entire territory served except the Route 180 Extension area, Pursley-Smith Ridge System and Pleasant Ridge Extension.

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

METERED RATE  
First  
10,000 gallons used per month  
\$6.76 per 1,000 gallons

Over  
10,000 gallons used per month  
\$6.30 per 1,000 gallons

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

5/8 inch meter month	\$ 13.16 per month
3/4 inch meter month	\$ 19.75 per month
1 inch meter month	\$ 32.90 per month
1-1/4 inch meter month	\$ 48.05 per month
1-1/2 inch meter month	\$ 65.80 per month
2 inch meter month	\$ 105.30 per month
3 inch meter month	\$ 197.40 per month
4 inch meter month	\$ 329.00 per month
6 inch meter month	\$ 658.00 per month
8 inch meter month	\$ 1,052.80 per month

The above minimum charge is subject to an additional \$0.18 per 1,000 gallons of water used per month.

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

TAP FEE  
The following charges are to be made whenever the utility installs a new tap to serve an applicant:  
A tap fee of \$250.00 will be charged to all customers who...

TYLER STAR NEWS

Sistersville, WV July 28, 2004

State of West Virginia, County of Tyler:  
Personally appeared before the undersigned, a Notary Public,  
Michael A. Galluzzo who, being duly sworn,

states that he is the manager of the Tyler Star News, a weekly newspaper of general circulation, published at Sistersville, County of Tyler, State of West Virginia, and that a copy of the notice attached hereto was published for... successive weeks in the Tyler Star News, beginning on the 28th day of July, 2004 and ending on the 28th day of July, 2004.

RECEIVED  
AUG - 2 PM 3:28  
WEST VIRGINIA PUBLIC SERVICE COMMISSION  
SECRETARY'S OFFICE

Michael A. Galluzzo  
Manager, Tyler Star News

Subscribed and sworn to before me, a Notary Public of said County, on this 28th day of July, 2004.

[Signature]  
Notary Public

My commission expires on the 9th day of December, 2012.

Printers Fee.....

SCHEDULE NO. 2

APPLICABILITY

Applicable within the Pursley-Smith Ridge System.

AVAILABILITY

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

RATES

First	3,000 gal. used per month	\$9.64 per 1,000 gallon
Next	7,000 gal used per month	\$7.99 per 1,000 gallon
Next	10,000 gal used per month	\$6.41 per 1,000 gallon
Next	30,000 gal used per month	\$3.81 per 1,000 gallon
Over	50,000 gal used per month	\$3.43 per 1,000 gallon

MINIMUM CHARGE

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

5/8 inch meter	\$	28.36 per month
3/4 inch meter	\$	42.55 per month
1 inch meter	\$	70.90 per month
1-1/2 inch meter	\$	141.80 per month
2 inch meter	\$	226.85 per month
3 inch meter	\$	425.30 per month
4 inch meter	\$	708.90 per month

The above minimum charge is subject to an additional \$0.18 per 1,000 gallons of water used per month.

DELAYED PAYMENT PENALTY

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

RE-CONNECTION \$15.00

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

TAP FEE

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

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

A tap fee of \$200.00 will be charged to all customers who apply for service outside of certificate proceeding before the Commission for each new tap.

LEAK ADJUSTMENT

\$3.43 per 1,000 gallons is to be used when a 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 unusual consumption above the customer's historical average usage.

W. VA. PUBLIC SERVICE  
COMMISSION  
SECRETARY'S OFFICE

2004 AUG - 2 PM 3:28

RECEIVED

SCHEDULE NO. 3

APPLICABILITY

Applicable within the Pleasant Ridge Extension.

AVAILABILITY

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

RATES

First	3,000 gal. used per month	\$15.13 per 1,000 gallon
Next	7,000 gal used per month	\$12.93 per 1,000 gallon
Next	10,000 gal used per month	\$10.68 per 1,000 gallon
Over	20,000 gal used per month	\$ 4.68 per 1,000 gallon

MINIMUM CHARGE

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

5/8 inch meter	\$ 44.85 per month
3/4 inch meter	\$ 62.30 per month
1 inch meter	\$ 112.15 per month
1-1/2 inch meter	\$ 224.25 per month
2 inch meter	\$ 358.80 per month
3 inch meter	\$ 672.75 per month
4 inch meter	\$ 1,121.25 per month

The above minimum charge is subject to an additional \$0.18 per 1,000 gallons of water used per month.

DELAYED PAYMENT PENALTY

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

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 before the Commission.

A tap fee of \$200.00 will be charged to all customers who apply for service outside of certificate proceeding before the Commission for each new tap.

LEAK ADJUSTMENT

\$3.43 per 1,000 gallons is to be used when a 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 Bill such unusual consumption above the customer's historical average usage.

SCHEDULE NO. 4

APPLICABILITY

Applicable within the Route 180 Extension.

AVAILABILITY

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

RATES

First	3,000 gal. used per month	\$13.52 per 1,000 gallon
Next	7,000 gal used per month	\$11.13 per 1,000 gallon
Next	10,000 gal used per month	\$ 8.73 per 1,000 gallon
Next	30,000 gal used per month	\$ 4.92 per 1,000 gallon
Over	50,000 gal used per month	\$ 4.32 per 1,000 gallon

**MINIMUM CHARGE**

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

5/8 x 3/4 inch meter	\$ 40.02 per month
1 inch meter	\$ 100.05 per month
1-1/2 inch meter	\$ 200.10 per month
2 inch meter	\$ 320.15 per month
3 inch meter	\$ 600.05 per month
4 inch meter	\$ 1,000.05 per month

The above minimum charge is subject to an additional \$0.18 per 1,000 gallons of water used per month.

**DELAYED PAYMENT PENALTY**

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

**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 certificate proceeding before the Commission for each new tap.

**RE-CONNECTION \$20.00**

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

**LEAK ADJUSTMENT**

\$3.43 per 1,000 gallons is to be used when a 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 unusual consumption above the customer's historical average usage.

A rate increase is not required as the existing rates are sufficient to support the Project.

The District does not have any resale customers.

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

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:

SANDRA SQUIRE  
EXECUTIVE SECRETARY  
SN 7-28

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

MINUTES OF ORGANIZATIONAL MEETING

The undersigned, SECRETARY of the Public Service Board of Friendly Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

\*\*\*

\*\*\*

\*\*\*

The Public Service Board of Friendly Public Service District met in regular session, pursuant to notice duly posted, on the 28th day of February, 2005, in Friendly, Tyler County, West Virginia, at the hour of 4:00 p.m.

PRESENT: Charles Hendricks - Chairman  
Dan Probst - Councilmember  
Jeannie Mason - Councilmember  
Robert Patterson - Secretary/Treasurer

ABSENT:

Charles Hendricks, Chairman, presided, and Robert Patterson acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Board held its organizational meeting for the calendar year of 2005. The officers are as follows:

Chairman	-	Charles Hendricks
Treasurer	-	Robert Patterson
Secretary	-	Robert Patterson

\*\*\*

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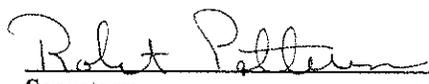
\*\*\*

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

CERTIFICATION

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

WITNESS my signature on this 11th day of March, 2005.

  
Secretary

02/25/05  
311200.00002



FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

MINUTES ON ADOPTION OF BOND RESOLUTION,  
SUPPLEMENTAL RESOLUTION AND FIRST DRAW RESOLUTION

The undersigned, SECRETARY of the Public Service Board of Friendly Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

\*\*\*

\*\*\*

\*\*\*

The Public Service Board of Friendly Public Service District met in regular session, pursuant to notice duly posted, on the 28th day of February, 2005, in Friendly, Tyler County, West Virginia, at the hour of 4:00 p.m.

PRESENT: Charles Hendricks - Chairman  
Dan Probst - Councilmember  
Jeannie Mason - Councilmember  
Robert Patterson - Secretary/Treasurer

ABSENT: None.

Charles Hendricks, Chairman, presided, and Robert Patterson acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF FRIENDLY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING THE ISSUANCE OF THE WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) BY THE DISTRICT OF NOT MORE THAN \$60,000 FOR THE PURPOSES OF FUNDING THE ARREARAGES IN THE RESERVE ACCOUNTS FOR THE DISTRICT'S PRIOR BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Jeannie Mason and seconded by Dan Probst, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA

INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF FRIENDLY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO THE BONDS; AUTHORIZING AND APPROVING THE SALE OF THE BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; MAKING OTHER PROVISIONS AS TO THE BONDS; PROVIDING FOR TRANSFER OF RESERVE ACCOUNTS FOR PRIOR BONDS AND AMENDMENT OF PRIOR RESOLUTIONS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Charles Hendricks and seconded by Jeannie Mason, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Chairman presented a proposed resolution approving the payment of invoices for the water project from proceeds of the Bonds. Thereupon, a motion duly made by Dan Probst and seconded by Jeannie Mason, it was unanimously ordered that the said Resolution be adopted and be in full force and effect on and from the date hereof.

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

CERTIFICATION

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

WITNESS my signature on this 11th day of March, 2005.

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

Secretary

02/25/05  
311200.00002

Wetzel Chronicle 2-16  
NOTICE OF PUBLIC HEARING OF  
THE PUBLIC SERVICE BOARD OF  
FRIENDLY PUBLIC SERVICE DISTRICT TO ADOPT BOND RESOLUTION

# WETZEL CHRONICLE

A regular meeting of the Public Service Board of the Friendly Public Service District (the "PSD") will be held to consider and adopt the following-entitled Resolution, and to take such other action as necessary in relation thereto, on Monday, February 28, 2005, at 4:00 p.m., prevailing time, at the District's offices at North State Route 2, Friendly, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

New Martinsville, WV February 16<sup>th</sup>, 2005

State of West Virginia, County of Wetzel:

Personally appeared before the undersigned, a Notary Public,  
Michael A. Galluzzo who, being duly sworn,

states that he is the manager of the Wetzel Chronicle, a weekly newspaper of general circulation, published at New Martinsville, County of Wetzel, State of West Virginia, and that a copy of the notice attached hereto was published for..... successive weeks in the Wetzel Chronicle, beginning on the 16<sup>th</sup> day of February, 2005 and ending on the 16<sup>th</sup> day of February, 2005.

Resolution authorizing the acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks facilities of Friendly Public Service District and the financing of the cost, not otherwise provided, thereof through the issuance by the district of not more than \$700,000 in aggregate principal amount of water revenue bonds, Series 2005 A (West Virginia Infrastructure Fund); authorizing the issuance of the Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) (taxable) by the district of not more than \$60,000 for the purposes of financing certain debt service reserve accounts arrearage for the district's prior bonds; providing for the rights and remedies of and security for the registered owners of such bonds; providing for the rights and remedies of and security for the registered owners of such bonds; authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming loan agreements relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto.

Michael A. Galluzzo  
Manager, Wetzel Chronicle

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks system of the District; (ii) paying arrearage on the debt service reserve accounts relating to the Prior Bonds; and (iii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system, of the District.

Subscribed and sworn to before me, a Notary Public of said County, on this 16<sup>th</sup> day of February, 2005.

Xelee J. Dinardo Notary Public

At the meeting, the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

My commission expires on the 9th day of December, 2012.

Dated: February 16, 2005  
Robert Patterson  
Secretary/Treasurer



NOTICE OF PUBLIC HEARING  
OF THE PUBLIC SERVICE BOARD  
OF FRIENDLY PUBLIC SERVICE  
DISTRICT TO ADOPT BOND  
RESOLUTION

A regular meeting of the Public service Board of the Friendly Public Service District (the "PSD") will be held to consider and adopt the following-entitled Resolution, and to take such other action as necessary in relation thereto, on Monday, February 28, 2005, at 4:00 p.m., prevailing time, at the District's offices at North State Route 2, Friendly, West Virginia, and at such meeting the Board shall consider and adopt such Resolution entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF FRIENDLY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$700,000 IN AGGREGATE PRIN-

CIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING THE ISSUANCE OF THE WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (TAXABLE) BY THE DISTRICT OF NOT MORE THAN \$60,000 FOR THE PURPOSES OF FINANCING CERTAIN DEBT SERVICE RESERVE ACCOUNTS ARREARAGE FOR THE DISTRICT'S PRIOR BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks system of the District; (ii) paying arrearage on the debt service reserve accounts relating to the Prior Bonds; and (iii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the District.

At the meeting, the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: February 16, 2005

Robert Patterson  
Secretary/Treasurer  
SN 2-16

# TYLER STAR NEWS

Sistersville, WV February 16, 2005

State of West Virginia, County of Tyler:

Personally appeared before the undersigned, a Notary Public,

Michael A. Galluzzo who, being duly sworn,

states that he is the manager of the Tyler Star News, a weekly newspaper of general circulation, published at Sistersville,

County of Tyler, State of West Virginia, and that a copy of the

notice attached hereto was published for.....<sup>1</sup>.....successive

weeks in the Tyler Star News, beginning on the 16<sup>th</sup> day

of February, 2005 and ending on the 16<sup>th</sup> day

of February, 2005.

*Michael A. Galluzzo*  
Manager, Tyler Star News

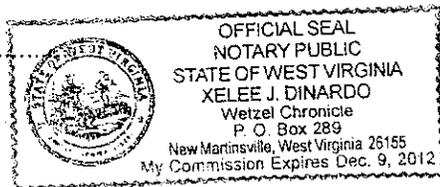
Subscribed and sworn to before me, a Notary Public of said

County, on this 16<sup>th</sup> day of February, 2005.

*Xelee J. Dinardo*  
Notary Public

My commission expires on the 9th day of December, 2012.

Printers Fee.....





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

NEW ISSUE REPORT FORM

Date of Report: March 11, 2005

(See Reverse for Instructions)

ISSUE: Friendly Public Service District Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 138, Friendly, WV 26145 COUNTY: Tyler and Wetzel

PURPOSE OF ISSUE: New Money: X  
Refunding: \_\_\_\_\_

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 11, 2005

CLOSING DATE: March 11, 2005

ISSUE AMOUNT: \$ 300,000

RATE: 0%

1ST DEBT SERVICE DUE: September 1, 2006

1ST PRINCIPAL DUE: September 1, 2006

1ST DEBT SERVICE AMOUNT: \$ 1,935.49

PAYING AGENT: Municipal Bond Commission

**BOND**

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

**UNDERWRITERS**

COUNSEL: Jackson Kelly PLLC  
Contact Person: Samme L. Gee, Esq.  
Phone: 304.340.1318

CLOSING BANK: WesBanco Bank, Inc.  
Contact Person: Eric Vincent, Manager  
Phone: (304) 455-1359

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

KNOWLEDGEABLE ISSUER CONTACT  
Contact Person: Robert Patterson  
Position: General Manager  
Phone: 304.652.1401

OTHER: WV Infrastructure & Jobs Development Council  
Contact Person: Katy Mallory, P.E.  
Function: Executive Secretary  
Phone: 304.558.4607

DEPOSITS TO MBC AT CLOSE: \_\_\_\_\_  
By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
\_\_\_\_\_ Other: \_\_\_\_\_  
Accrued Interest: \$ \_\_\_\_\_  
Capitalized Interest: \$ \_\_\_\_\_  
Reserve Account: \$ \_\_\_\_\_  
Other: \$ \_\_\_\_\_

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

NOTES: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:

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

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

NEW ISSUE REPORT FORM

Date of Report: March 11, 2005

(See Reverse for Instructions)

ISSUE: Friendly Public Service District Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority)

ADDRESS: P.O. Box 138, Friendly, WV 26145 COUNTY: Tyler and Wetzel

PURPOSE OF ISSUE: New Money: X  
Refunding: \_\_\_\_\_

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 11, 2005

CLOSING DATE: March 11, 2005

ISSUE AMOUNT: \$ 40,000

RATE: 5%

1ST DEBT SERVICE DUE: October 1, 2005

1ST PRINCIPAL DUE: October 1, 2005

1ST DEBT SERVICE AMOUNT: \$ 4,056.11

PAYING AGENT: Municipal Bond Commission

**BOND**

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

**UNDERWRITERS**

COUNSEL: Jackson Kelly PLLC  
Contact Person: Samme L. Gee, Esq.  
Phone: 304.340.1318

CLOSING BANK: N/A  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

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

KNOWLEDGEABLE ISSUER CONTACT  
Contact Person: Robert Patterson  
Position: General Manager  
Phone: 304.652.1401

OTHER: West Virginia Water Development Authority  
Contact Person: Daniel B. Yonkosky  
Function: Director  
Phone: 304.558.3612

DEPOSITS TO MBC AT CLOSE: \_\_\_\_\_  
By: X Wire \_\_\_\_\_  
\_\_\_\_\_ Check X Reserve Account: \$ 7,301 (See Note (1) Below)  
\_\_\_\_\_ Other: X Other: \$ 43,771 (See Note (2) Below)

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

NOTES: (1) Series 2005 B Bonds Reserve Account will be fully funded at closing with bond proceeds of \$7,301.  
(2) The Issuer's Series 1994 A Bonds Reserve Account, Series 1994 B Bonds Reserve Account and Series 1997 Bonds Reserve Account will be transferred to MBC at closing and fully funded at \$19,386, \$4,248 and \$20,137, respectively, with both bond proceeds and Issuer's funds.

**FOR MUNICIPAL BOND COMMISSION USE ONLY:**

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

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

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

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

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

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

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

03/09/05  
311200.00002



FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

WesBanco Bank, Inc., New Martinsville, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Friendly Public Service District (the "Issuer") adopted February 28, 2005, and the Supplemental Resolution of the Issuer adopted February 28, 2005 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the principal amount of \$300,000 and Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated March 11, 2005, issued in the principal amount of \$40,000 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 11th day of March, 2005.

WESBANCO BANK, INC.

By: 

Its: Authorized Officer

02/25/05  
311200.00002



FRIENDLY PUBLIC SERVICE DISTRICT

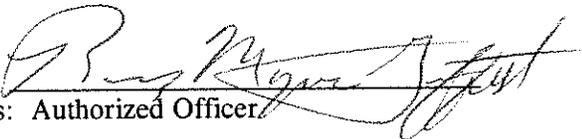
Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Friendly Public Service District Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the principal amount of \$300,000 and Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), issued in the principal amount of \$40,000 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 11th day of March, 2005.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer.

02/25/05  
311200.00002



FRIENDLY PUBLIC SERVICE DISTRICT

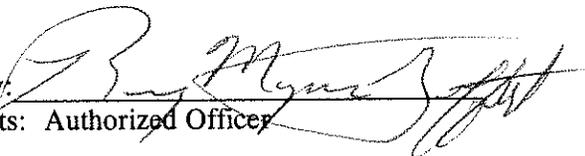
Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

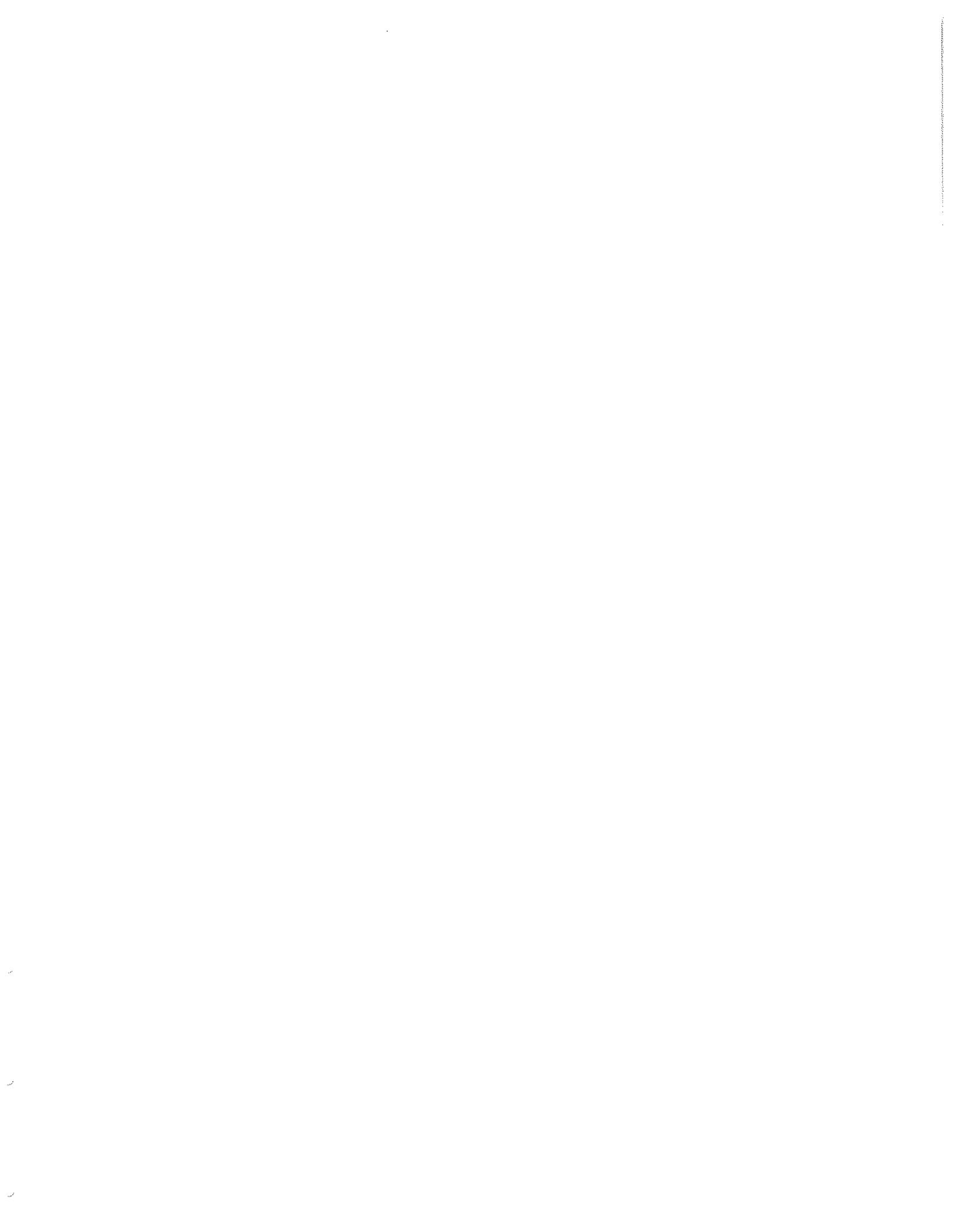
THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of Friendly Public Service District (the "Issuer"), dated March 11, 2005, in the principal amount of \$300,000, numbered AR-1, was registered as to principal only, and the single, fully registered Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), of the Issuer, dated March 11, 2005, in the principal amount of \$40,000, numbered BR-1, was registered as to principal and interest, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 11th day of March, 2005.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

02/25/05  
311200.00002



FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 11th day of March, 2005 by and between FRIENDLY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$300,000 Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) and \$40,000 Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), in fully registered form (collectively the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted February 28, 2005, and the Supplemental Resolution of the Issuer duly adopted February 28, 2005 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

**ISSUER:** Friendly Public Service District  
Post Office Box 138  
Friendly, WV 26145  
Attention: Chairman

**REGISTRAR:** The Huntington National Bank  
One Huntington Square  
Charleston, West Virginia 25301  
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

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

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

FRIENDLY PUBLIC SERVICE DISTRICT

By: Charlie W. Hendricks  
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: [Signature]  
Its: Authorized Officer

02/03/05  
311200.00002

EXHIBIT A

Bond Legislation included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION

(Please see the attached)

Private Financial Group  
P. O. Box 633 WE3013  
Charleston, West Virginia 25322-0633



STATEMENT OF TRUSTEE'S FEES  
Invoice Date March 4, 2005

Friendly Public Service District  
Account Number 6089001809

Friendly Public Service District  
Water Revenue Bonds, Series 2005 A  
Water Revenue Bonds, Series 2005 B  
C/O John C. Stump  
Steptoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

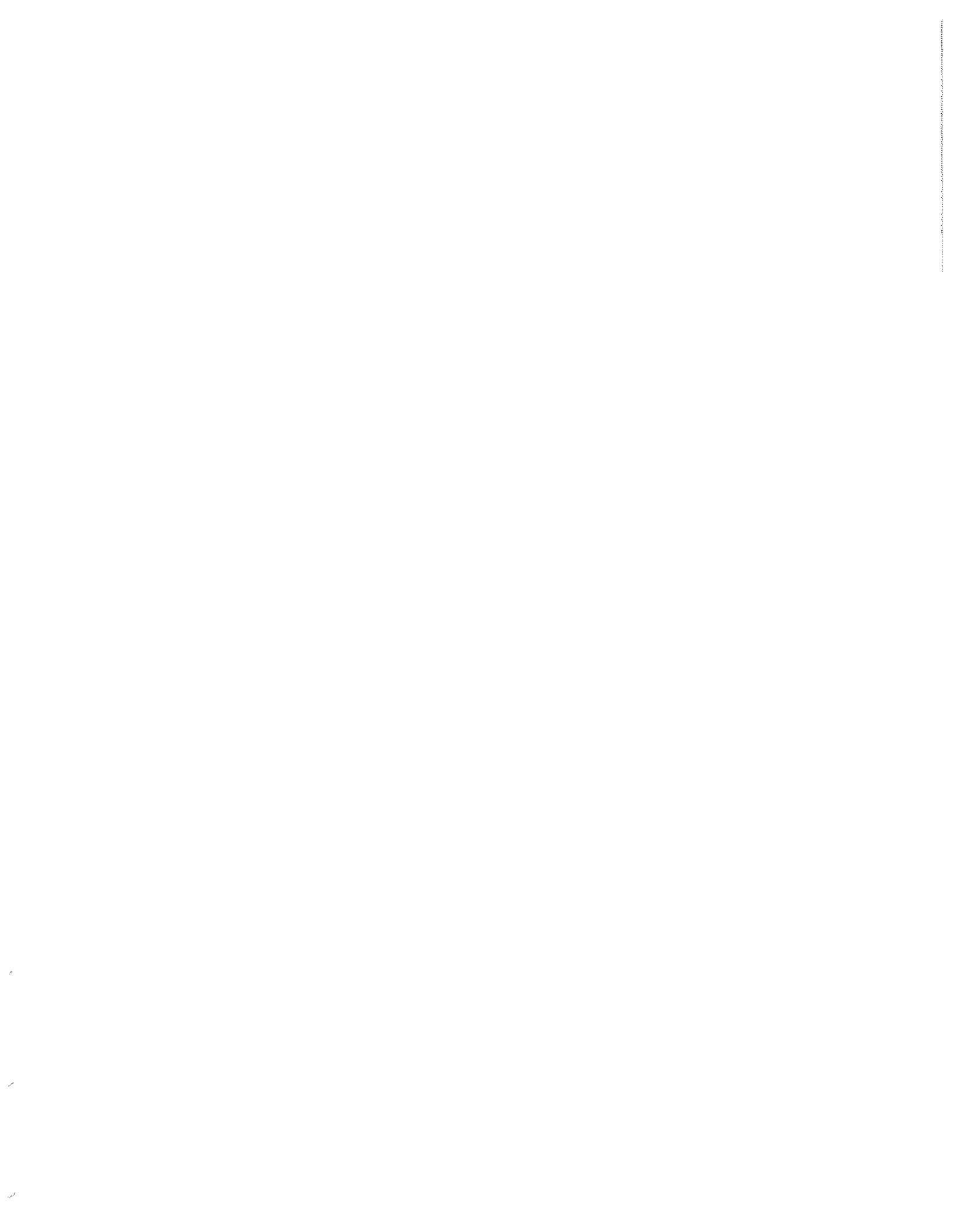
SUMMARY OF ACCOUNT

\*\*\*\*\*  
FEE CALCULATION FOR December, 2004  
\*\*\*\*\*

TOTAL AMOUNT	\$	500.00
TOTAL DUE	\$	<u>500.00</u>

\* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT \*  
\* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN \*  
\* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA .. \*  
\* .. BOWDEN, PO BOX 633, CHARLESTON, WV 25322-0633 ..... \*

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT  
Barry Morgan Griffith at (304)348-5035



# CLOSING MEMORANDUM

**To:** Financing Team  
**From:** John C. Stump, Esquire  
**Date:** March 11, 2005  
**Re:** Friendly Public Service District Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority)

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## DISBURSEMENTS OF SERIES 2005 A BONDS PROCEEDS

1. Payor: West Virginia Infrastructure Fund  
Source: Series 2005 A Bonds Proceeds  
Amount: \$46,643  
Form: Wire Transfer  
Payee: Friendly Public Service District  
Bank: WesBanco Bank, Inc.  
Routing #: 043400036  
Account #: 0072482192  
Contact: Eric Vincent, Manager (304) 455-1359  
Account: Series 2005 Bonds Construction Trust Fund

## DISBURSEMENTS OF SERIES 2005 B BONDS PROCEEDS

2. A. Payor: West Virginia Water Development Authority  
Source: Series 2005 B Bonds Proceeds  
Amount: \$654  
Form: Wire Transfer  
Payee: Friendly Public Service District  
Bank: WesBanco Bank, Inc.  
Routing #: 043400036  
Account #: 0072482192  
Contact: Eric Vincent, Manager (304) 455-1359  
Account: Series 2005 Bonds Construction Trust Fund

B. Payor: West Virginia Water Development Authority  
Source: Series 2005 B Bonds Proceeds  
Amount: \$39,346  
Form: Wire Transfer  
Payee: West Virginia Municipal Bond Commission  
Bank: BB&T  
Routing #: 051503394  
Account #: 5270517317  
Contact: Sara Boardman, Executive Director

Account: \$18,408 to Series 1994 A Bonds Reserve Account (which together with \$978 from the District will fully fund such account)  
\$ 3,745 to Series 1994 B Bonds Reserve Account (which together with \$503 from the District will fully fund such account)  
\$ 9,892 to Series 1997 Bonds Reserve Account (which together with \$10,245 from the District will fully fund such account)  
\$ 7,301 to Series 2005 B Bonds Reserve Account (fully funding such account)

**PRIOR BONDS RESERVE ACCOUNTS TRANSFERRED TO MUNICIPAL BOND COMMISSION**

3. A. Payor: Friendly Public Service District  
Source: District's Funds in Series 1994 A Bonds Reserve Account  
Amount: \$978  
Date: March 11, 2005  
Form: Wire Transfer  
Payee: West Virginia Municipal Bond Commission  
Account: Series 1994 A Bonds Reserve Account (being transferred from local bank to Bond Commission)
- B. Payor: Friendly Public Service District  
Source: District's Funds in Series 1994 B Bonds Reserve Account  
Amount: \$503  
Date: March 11, 2005  
Form: Wire Transfer  
Payee: West Virginia Municipal Bond Commission  
Account: Series 1994 B Bonds Reserve Account (being transferred from local bank to Bond Commission)
- C. Payor: Friendly Public Service District  
Source: District's Funds in Series 1997 Bonds Reserve Account  
Amount: \$10,245  
Date: March 11, 2005  
Form: Wire Transfer  
Payee: West Virginia Municipal Bond Commission  
Account: Series 1997 Bonds Reserve Account (being transferred from local bank to Bond Commission)

03/09/05  
311200.00002





UNITED STATES DEPARTMENT OF COMMERCE  
The Assistant Secretary for Economic Development  
Washington, D.C. 20230

SEP 27 1977

In Reply Refer to:  
Project No.: 01-01-07511

Mr. Edwin Weigle  
President  
Tyler County Commission  
Tyler County Courthouse  
Middlebourne, West Virginia 26149

Dear Mr. Weigle:

I am pleased to announce that the Department of Commerce's Economic Development Administration (EDA) has approved your application, in conjunction with the Friendly Public Service District, for a grant of \$1,600,000. These funds are to be used to acquire land and to construct and install water and sewer infrastructure and related improvements. I want to offer my sincere good wishes for the success of your project.

The grant supports the efforts of the city of Middlebourne to identify economic opportunities and develop market-based strategies that will result in increased private sector investment and job creation for its workforce.

EDA shares your expectations regarding the impact of this project. When successfully completed, we are confident the project will be an integral part of your plans for local economic development and will assist in achieving lasting improvements for your community.

Sincerely,

A handwritten signature in black ink, appearing to read "D.A. Sampson", with a long horizontal line extending to the right.

David A. Sampson  
Assistant Secretary  
for Economic Development



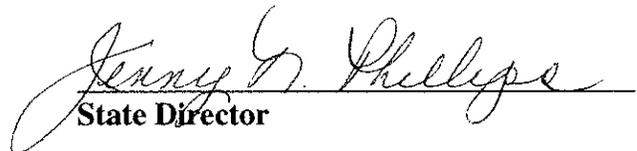
**USDA** UNITED STATES DEPARTMENT OF AGRICULTURE  
**RURAL DEVELOPMENT**

75 High Street Federal Building, Suite 320, Morgantown, WV 26505-7500  
304.284.4860 • 1.800.295.8228 • fax 304.284.4893 • TTY/TDD 304.284.4836

**Friendly Public Service District  
Water Revenue Bonds, Series 2005 A  
(West Virginia Infrastructure Fund) and  
Water Revenue Bonds, Series 2005 B  
(West Virginia Water Development Authority) (Taxable)  
March 10, 2005**

**CONSENT TO ISSUANCE OF PARITY BONDS**

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amounts of the Series 1994 A Bond, the Series 1994 B Bond, and the Series 1997 Bond, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of not to exceed \$700,000 and the Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) (Taxable) in the original aggregate principal amount of not to exceed \$60,000, by Friendly Public Service District (the "Issuer"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bond, Series 1994 A, dated June 22, 1994, Water Revenue Bond, Series 1994 B, dated November 3, 1994, and Water Revenue Bond, Series 1997, dated June 11, 1997 (collectively, the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (collectively, the "Prior Resolution"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution; and (iii) consents to any amendments made to the Prior Resolution by the Resolution or the Supplemental Resolution authorizing the Bonds.

  
State Director

**[Http://www.rurdev.usda.gov/wv](http://www.rurdev.usda.gov/wv)**



USDA Rural Development is an Equal Opportunity Lender, Provider and Employer  
Complaints of discrimination should be sent to: USDA Director, Office of Civil Rights, Washington, D.C. 20250-9410

**COMMITTED TO THE FUTURE OF RURAL COMMUNITIES**



# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418

CHARLESTON, WEST VIRGINIA 25301-2616

TELEPHONE 304-558-2981

### PERMIT

(Water)

PROJECT: Ben's Run Industrial Park Water System

PERMIT NO.: 16,168

LOCATION: Ben's Run

COUNTY: Tyler

DATE: 8-4-2004

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

**Friendly Public Service District  
P. O. Box 138  
Friendly, West Virginia 26146**

is hereby granted approval to: install approximately 460 LF of 6", 17,095 LF of 8" and 245 LF of 30" water line; 578,000 gallon water storage tank; and all necessary valves, controls and appurtenances.

Facilities are to serve Proviron, Alumatech, Mountaineer Bulk, Ormet Aluminum, Dominion Gas and other industries in the Ben's Run Industrial Park and the OSI chemical plant near the Ben's Run Industrial Park.

**Note: This project is contingent upon: 1) All new water line and the water storage tank being disinfected, flushed and bacteriologically tested, prior to use; and 2) The new 578,000 gallon water storage tank being enclosed by a minimum six (6) feet high fence with a locking gate.**

The Office of Environmental Health Services Wheeling District Office, telephone (304) 238-1145, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR



William S. Herold, Jr., P.E., Assistant Manager  
Infrastructure and Capacity Development  
Environmental Engineering Division

WSH:nlh

pc: Cerrone Associates, Inc. ✓  
James W. Ellars, P.E., PSC-Engineering Division  
Amy Swann, PSC  
Dave Holley, PSC  
Tyler County Health Department  
OEHS-EED Wheeling District Office





**FRIENDLY PUBLIC SERVICE DISTRICT**

**Water Revenue Bond, Series 1994 A**

**BOND RESOLUTION**

**Table of Contents**

<b>Subject</b>		<b>Page</b>
<b>ARTICLE I</b>		
<b>STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS</b>		
Section 1.01	Authority for This Resolution	1
Section 1.02	Findings and Determinations	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	3
<b>ARTICLE II</b>		
<b>AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT</b>		
Section 2.01	Authorization of Acquisition and Construction of the Project	8
<b>ARTICLE III</b>		
<b>AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND</b>		
Section 3.01	Authorization of Bond	9
Section 3.02	Description of Bond	9
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds	9
Section 3.04	Registrar	9
Section 3.05	Execution of Bond	10
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	10
Section 3.07	Bond Secured by Pledge of Net Revenues	10
Section 3.08	Form of Bond	11
	<b>FORM OF BOND</b>	12

**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	18
Section 4.02	Bond Proceeds; Project Construction Account	18
Section 4.03	Covenants of the Issuer as to System Revenues and Funds	19

**ARTICLE V  
GENERAL COVENANTS, ETC.**

Section 5.01	General Statement	23
Section 5.02	Rates	23
Section 5.03	Sale of the System	23
Section 5.04	Issuance of Additional Parity Bonds or Obligations	23
Section 5.05	Insurance and Bonds	23
Section 5.06	Statutory Mortgage Lien	25
Section 5.07	Events of Default	25
Section 5.08	Enforcement	25
Section 5.09	Fiscal Year; Budget	25
Section 5.10	Compensation of Members of Governing Body	26
Section 5.11	Covenant to Proceed and Complete	26
Section 5.12	Books and Records; Audits	26
Section 5.13	Maintenance of System	26
Section 5.14	No Competition	27

**ARTICLE VI  
RATES, ETC.**

Section 6.01	Initial Schedule of Rates and Charges; Rules	28
--------------	--	----

**ARTICLE VII  
MISCELLANEOUS**

Section 7.01	Payment of Bond	29
Section 7.02	Modification or Amendment	29
Section 7.03	Delivery of Bond No. AR-1	29
Section 7.04	Severability of Invalid Provisions	29
Section 7.05	1971 Resolution; Conflicting Provisions Repealed	29
Section 7.06	Table of Contents and Headings	29
Section 7.07	Covenant of Due Procedure, Etc.	30
Section 7.08	Effective Time	30
	<b>SIGNATURES</b>	<b>30</b>

FRIENDLY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$360,000 WATER REVENUE BOND, SERIES 1994 A, OF FRIENDLY PUBLIC SERVICE DISTRICT, ON A PARITY WITH THE OUTSTANDING 1971 BOND OF THE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM AND ALL APPURTENANT FACILITIES IN THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF FRIENDLY 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. Friendly Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Tyler County of said State, duly created pursuant to the Act by The County Commission of Tyler 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 certain 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 improvements to and extensions of the existing waterworks facilities of the Issuer, consisting of a water pump station, a water storage tank and distribution lines to serve Smith Ridge, Pursley and Oil Ridge Road areas of Tyler 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 Issuer will purchase water from the City of Sistersville pursuant to a water purchase contract between the Issuer and said City. The existing waterworks facilities of the Issuer, together with the Project and any further additions, extensions or improvements thereto, is 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 Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$1,340,000, of which \$360,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$450,000 from a grant by the Purchaser (as hereinafter defined) and \$530,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

E. It is necessary for the Issuer to issue its water revenue bond in the principal amount of \$360,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project.

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

G. There is an outstanding obligation of the Issuer which will rank on a parity with the Bond as to liens, pledge and source of and security for payment, being a loan evidenced by a promissory note dated December 7, 1971 (the "1971 Bond"), issued in the original aggregate principal amount of \$165,000 and held by the Purchaser. There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the 1971 Bond, the 1971 Resolution (hereinafter defined) 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 waiver thereof.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated May 1, 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 Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the registered owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

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

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"Bond" means the Water Revenue Bond, Series 1994 A, authorized hereby.

"1971 Bond" means the outstanding loan of the Issuer described in Section 1.02G hereof.

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

"Bonds" means, collectively, the Bond and the 1971 Bond.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Cerrone & Associates, Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means The Union Bank of Tyler County, Sistersville, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Friendly Public Service District, in Tyler County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated May 1, 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 into the Reserve Account and the Depreciation Fund have been made to the last monthly payment date prior to the date of such retention.

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

"Purchaser" or "Government" means United States Department of Agriculture, 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:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the

extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

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

"Resolutions" means, collectively, the 1971 Resolution and the Bond Legislation.

"1971 Resolution" means the resolution of the Issuer adopted September 13, 1971, authorizing the 1971 Bond.

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

"Secretary" means the Secretary of the Governing Body.

"System" means the waterworks of the Issuer as improved, 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.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND  
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$1,340,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1994 A," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$360,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 4 1/2% per annum, and shall be sold for the par value thereof.

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

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

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

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

Section 3.04. Registrar. The Issuer shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant

hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond 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 Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06.      Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07.      Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the 1971 Bond in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and

interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due all on a parity with the 1971 Bond.

Section 3.08.      Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

FRIENDLY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1994 A

\$360,000

No. AR-1

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

FOR VALUE RECEIVED, FRIENDLY 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 SIXTY THOUSAND DOLLARS (\$360,000); 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 \$1,653, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

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

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

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

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is issued on a parity as to liens, pledge and source of and security for payment, and in all other respects, with the 1971 Bond described in said Resolution.

IN WITNESS WHEREOF, FRIENDLY 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.

FRIENDLY PUBLIC SERVICE DISTRICT  
(Name of Borrower)

[CORPORATE SEAL]

\_\_\_\_\_  
(Signature of Executive Official)

Chairman, Public Service Board  
(Title of Executive Official)

P.O. Box 138  
(P. O. Box No. or Street Address)

Friendly, West Virginia 26146  
(City, State and Zip Code)

ATTEST:

\_\_\_\_\_  
(Signature of Attesting Official)

Secretary, Public Service Board  
(Title of Executive Official)



(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 1971 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 1971 Resolution and continued hereby);
- (2) Reserve Account (established by the 1971 Resolution and continued hereby);
- (3) Depreciation Fund; and
- (4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

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

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

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When 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 Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued 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 Section 4 of the 1971 Resolution not otherwise modified herein:

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

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

(iii) The Issuer shall next, each month, 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 Account, 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 in any year, until the amount in the Reserve Account equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Account, the Issuer shall monthly deposit into the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds 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.

(iv) The Issuer shall next, each month, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and deposit in the Depreciation Fund, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Fund the aggregate sum of \$67,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Fund 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, pro rata, or for any lawful purpose.

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

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Depreciation Fund herein provided, and all amounts required for the Reserve Account and the Depreciation Fund 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 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 1971 Resolution, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Account and the Depreciation Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Subject to the 1971 Resolution, earnings upon moneys in the Reserve Account, 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 Bond, provide evidence that there will be at least 160 bona fide full-time 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.

## 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 Account 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 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 Bonds and sufficient to make the payments required herein into the Reserve Account and the Depreciation Fund and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

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

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) 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 Bond.

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

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

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; 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 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 and shall be on a parity with the statutory mortgage lien in favor of the Holder of the 1971 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 Bond at the date specified for payment thereof; and

(b) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

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

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the

following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

Section 5.10.      Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11.      Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12.      Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13.      Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14.      No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on November 24, 1993 (Case No. 93-0090-PWD-CN), 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 Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02.      Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Bondholder.

Section 7.03.      Delivery of Bond No. AR-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. AR-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04.      Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05.      1971 Resolution; Conflicting Provisions Repealed. The 1971 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 1971 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).

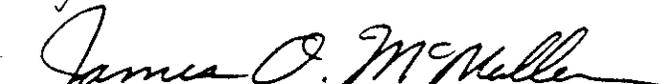
Section 7.06.      Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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: June 22, 1994.

  
\_\_\_\_\_  
Chairman of Public Service Board

  
\_\_\_\_\_  
Member

  
\_\_\_\_\_  
Member

06/16/94  
FPSDJ.A4  
311200/93001



**FRIENDLY PUBLIC SERVICE DISTRICT**

**Water Revenue Bond, Series 1994 B**

**BOND RESOLUTION**

**Table of Contents**

<b>Subject</b>		<b>Page</b>
<b>ARTICLE I</b>		
<b>STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS</b>		
Section 1.01	Authority for This Resolution	1
Section 1.02	Findings and Determinations	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	3
<b>ARTICLE II</b>		
<b>AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT</b>		
Section 2.01	Authorization of Acquisition and Construction of the Project	8
<b>ARTICLE III</b>		
<b>AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND</b>		
Section 3.01	Authorization of Bond	9
Section 3.02	Description of Bond	9
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds	9
Section 3.04	Registrar	9
Section 3.05	Execution of Bond	10
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	10
Section 3.07	Bond Secured by Pledge of Net Revenues	10
Section 3.08	Form of Bond	11
	FORM OF BOND	12

**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	18
Section 4.02	Bond Proceeds; Project Construction Account	18
Section 4.03	Covenants of the Issuer as to System Revenues and Funds	19

**ARTICLE V  
GENERAL COVENANTS, ETC.**

Section 5.01	General Statement	23
Section 5.02	Rates	23
Section 5.03	Sale of the System	23
Section 5.04	Issuance of Additional Parity Bonds or Obligations	23
Section 5.05	Insurance and Bonds	23
Section 5.06	Statutory Mortgage Lien	25
Section 5.07	Events of Default	25
Section 5.08	Enforcement	25
Section 5.09	Fiscal Year; Budget	25
Section 5.10	Compensation of Members of Governing Body	26
Section 5.11	Covenant to Proceed and Complete	26
Section 5.12	Books and Records; Audits	26
Section 5.13	Maintenance of System	26
Section 5.14	No Competition	27

**ARTICLE VI  
RATES, ETC.**

Section 6.01	Initial Schedule of Rates and Charges; Rules	28
--------------	--	----

**ARTICLE VII  
MISCELLANEOUS**

Section 7.01	Payment of Bond	29
Section 7.02	Modification or Amendment	29
Section 7.03	Delivery of Bond	29
Section 7.04	Severability of Invalid Provisions	29
Section 7.05	Prior Resolutions; Conflicting Provisions Repealed	29
Section 7.06	Table of Contents and Headings	29
Section 7.07	Covenant of Due Procedure, Etc.	30
Section 7.08	Effective Time	30
	SIGNATURES	30

G. There are outstanding obligations of the Issuer which will rank on a parity with the Bond as to liens, pledge and source of and security for payment, being a loan evidenced by a promissory note dated December 7, 1971 (the "1971 Bond"), issued in the original aggregate principal amount of \$165,000, and the Water Revenue Bond, Series 1994 A, dated June 22, 1994 (the "1994 A Bond"), issued in the original aggregate principal amount of \$360,000 (collectively, the "Prior Bonds"), both held by the Purchaser. There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, the Prior Resolutions (hereinafter defined) 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 waiver thereof.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated August 30, 1991, an amended Letter of Conditions dated April 1, 1994, 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 Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the registered owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

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

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"Bond" means the Water Revenue Bond, Series 1994 B, authorized hereby.

"Resolutions" means, collectively, the 1971 Resolution, the 1994 A Resolution and the Bond Legislation.

"1994 A Resolution" means the resolution of the Issuer adopted June 22, 1994, authorizing the 1994 A Bond.

"1971 Resolution" means the resolution of the Issuer adopted September 13, 1971, authorizing the 1971 Bond.

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

"Secretary" means the Secretary of the Governing Body.

"System" means the waterworks of the Issuer as improved, 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 Bond or any certificate or other document by the Chairman or the Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND  
CONSTRUCTION OF THE PROJECT

Section 2.01.      Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$167,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01.      Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1994 B," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$77,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02.      Description of Bond. The Bond shall be issued in single form, numbered BR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 4 1/2% per annum, and shall be sold for the par value thereof.

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

Section 3.03.      Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

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

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

Section 3.04.      Registrar. The Issuer shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant

hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond 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 Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and

interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due all on a parity with the Prior Bonds.

Section 3.08.      Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

FRIENDLY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1994 B

\$77,000

No. BR-1

Date: November 3, 1994

FOR VALUE RECEIVED, FRIENDLY 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 SEVENTY-SEVEN THOUSAND DOLLARS (\$77,000), 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 \$354, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

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

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

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

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is issued on a parity as to liens, pledge and source of and security for payment, and in all other respects, with the Prior Bonds described in said Resolution.

IN WITNESS WHEREOF, FRIENDLY 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.

FRIENDLY PUBLIC SERVICE DISTRICT  
(Name of Borrower)

[CORPORATE SEAL]

\_\_\_\_\_  
(Signature of Executive Official)

Chairman, Public Service Board  
(Title of Executive Official)

P.O. Box 138  
(P. O. Box No. or Street Address)

Friendly, West Virginia 26146  
(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 any of the Prior Resolutions), 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 Resolutions and continued hereby);
- (2) Reserve Account (established by the Prior Resolutions and continued hereby);
- (3) Depreciation Fund (established by the Prior Resolutions and continued hereby); and
- (4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

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

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

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When 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 Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued 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 Section 4 of the 1971 Resolution and Section 4.03B of the 1994 A Resolution not otherwise modified herein:

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

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

(iii) The Issuer shall next, each month, 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 Account, 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 in any year, until the amount in the Reserve Account equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Account, the Issuer shall monthly deposit into the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds 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.

(iv) The Issuer shall next, each month, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and deposit in the Depreciation Fund, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Fund the aggregate sum of \$75,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Fund 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, pro rata, or for any lawful purpose.

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

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Depreciation Fund herein provided, and all amounts required for the Reserve Account and the Depreciation Fund 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 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 Resolutions, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Account and the Depreciation Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Subject to the Prior Resolutions, earnings upon moneys in the Reserve Account, 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 Bond, provide evidence that there will be at least 18 bona fide full-time 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.

## 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 Account 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 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 Bonds and sufficient to make the payments required herein into the Reserve Account and the Depreciation Fund and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

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

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) 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 Bond.

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

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

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; 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 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 and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Prior Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

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

(b) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

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

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the

following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

Section 5.10.      Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11.      Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12.      Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13.      Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14.      No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

## ARTICLE VI

### RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on January 19, 1994 (Case No. 93-0227-PWD-CN), 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 Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02.      Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Bondholder.

Section 7.03.      Delivery of Bond. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. BR-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04.      Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05.      Prior Resolutions; 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.

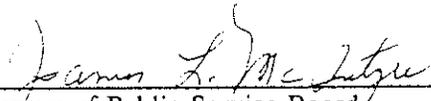
All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

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.

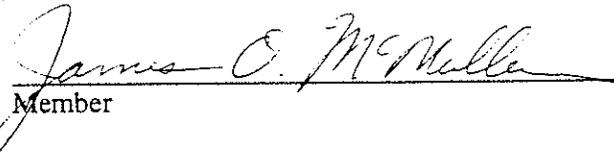
Section 7.07.      Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in 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: November 3, 1994.

  
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Chairman of Public Service Board

  
\_\_\_\_\_  
Member

  
\_\_\_\_\_  
Member

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**FRIENDLY PUBLIC SERVICE DISTRICT**

**Water Revenue Bond, Series 1997**

**BOND RESOLUTION**

**Table of Contents**

<b>Subject</b>		<b>Page</b>
<b>ARTICLE I</b>		
<b>STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS</b>		
Section 1.01	Authority for This Resolution	1
Section 1.02	Findings and Determinations	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	4
<b>ARTICLE II</b>		
<b>AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT</b>		
Section 2.01	Authorization of Acquisition and Construction of the Project	9
<b>ARTICLE III</b>		
<b>AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND</b>		
Section 3.01	Authorization of Bond	10
Section 3.02	Description of Bond	10
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds	10
Section 3.04	Bond Registrar	10
Section 3.05	Execution of Bond	11
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	11
Section 3.07	Bond Secured by Pledge of Net Revenues	11
Section 3.08	Form of Bond	12
	FORM OF BOND	13

**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	19
Section 4.02	Bond Proceeds; Project Construction Account	19
Section 4.03	Covenants of the Issuer as to System Revenues and Funds	20
Section 4.04	Interim Construction Financing	23

**ARTICLE V  
GENERAL COVENANTS, ETC.**

Section 5.01	General Statement	25
Section 5.02	Rates	25
Section 5.03	Sale of the System	25
Section 5.04	Issuance of Additional Parity Bonds or Obligations	25
Section 5.05	Insurance and Bonds	25
Section 5.06	Statutory Mortgage Lien	27
Section 5.07	Events of Default	27
Section 5.08	Enforcement	27
Section 5.09	Fiscal Year; Budget	28
Section 5.10	Compensation of Members of Governing Body	28
Section 5.11	Covenant to Proceed and Complete	28
Section 5.12	Books and Records; Audits	28
Section 5.13	Maintenance of System	29
Section 5.14	No Competition	29

**ARTICLE VI  
RATES, ETC.**

Section 6.01	Initial Schedule of Rates and Charges; Rules	30
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**ARTICLE VII  
MISCELLANEOUS**

Section 7.01	Payment of Bond	31
Section 7.02	Modification or Amendment	31
Section 7.03	Delivery of Bond	31
Section 7.04	Severability of Invalid Provisions	31
Section 7.05	Prior Resolutions; Conflicting Provisions Repealed	31
Section 7.06	Table of Contents and Headings	31
Section 7.07	Covenant of Due Procedure, Etc.	32
Section 7.08	Effective Time	32
	<b>SIGNATURES</b>	<b>32</b>

FRIENDLY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$500,000 WATER REVENUE BOND, SERIES 1997, OF FRIENDLY PUBLIC SERVICE DISTRICT, ON A PARITY WITH THE OUTSTANDING SERIES 1971 BOND, SERIES 1994 A BOND AND SERIES 1994 B BOND OF THE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM AND ALL APPURTENANT FACILITIES IN THE DISTRICT; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF FRIENDLY 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. Friendly Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Tyler and Wetzel Counties of said State, duly created pursuant to the Act by The County Commission of Tyler 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 certain 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 improvements to and extensions of the existing waterworks facilities of the Issuer, consisting of approximately 19.6 miles of 8 inch, 6 inch, 4 inch and 2 inch water lines, two booster stations, three water storage tanks 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/Treasurer of the Public Service Board (the "Governing Body") of the Issuer. The Issuer will purchase water from the City of Sistersville pursuant to a water purchase contract between the Issuer and said City. The existing waterworks facilities of the Issuer, together with the Project and any further additions, extensions or improvements thereto, is 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 Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is \$2,335,700, of which \$500,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$335,700 from a grant by the Purchaser (as hereinafter defined) and \$1,500,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

E. It is necessary for the Issuer to issue its water revenue bond in the principal amount of \$500,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the cost of 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 Bond prior to, during and for 6 months after completion of such acquisition or construction; 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 authorized hereby and the acquisition or construction of the properties and the placing 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 Bond as to liens, pledge and source of and security for payment, being a loan evidenced by a promissory note, dated December 7, 1971, issued in the original aggregate principal amount of \$165,000 (the "Series 1971 Bond"), the Water Revenue Bond, Series 1994 A, dated June 22, 1994, issued in the original aggregate principal amount of \$360,000 (the "Series 1994 A Bond"), and the Water Revenue Bond, Series 1994 B, dated November 3, 1994, issued in the original aggregate principal amount of \$77,000 (the "Series 1994 B Bond") (the Series 1971 Bond, the Series 1994 A Bond and the Series 1994 B Bond are herein collectively called the "Prior Bonds"). The Series 1971 Bond, the Series 1994 A Bond and the Series 1994 B Bond are currently held by the Purchaser (as hereinafter defined). There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, any resolution authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid waiver thereof.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated December 21, 1993, Amendment No. 1 to Letter of Conditions dated May 21, 1997, 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 Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such 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 Bond.

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

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

"Bond" means the Water Revenue Bond, Series 1997, authorized hereby to be issued pursuant to this Bond Legislation.

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

"Bonds" means, collectively, the Bond, the Series 1971 Bond, the Series 1994 A Bond and the Series 1994 B Bond.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means The Union Bank of Tyler County, Sistersville, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

"Grants" means, collectively, the grant by the Purchaser in the amount of \$335,700 and the grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of \$1,500,000.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Friendly Public Service District, in Tyler and Wetzel Counties, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated December 21, 1993, Amendment No. 1 to Letter of Conditions, dated May 21, 1997, 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 into the Reserve Account and the Depreciation Fund have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Series 1971 Bond, the Series 1994 A Bond and the Series 1994 B Bond.

"Prior Resolutions" means, collectively, the Series 1971 Bond Resolution, the Series 1994 A Bond Resolution and the Series 1994 B Bond Resolution.

"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 State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

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

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

"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/Treasurer" means the Secretary/Treasurer of the Governing Body.

"Series 1971 Bond" means the outstanding loan of the Issuer, dated December 7, 1971, issued in the original principal amount of \$165,000, described in Section 1.02G, hereof.

"Series 1971 Bond Resolution" means the resolution of the Issuer adopted September 13, 1971, authorizing issuance of the Series 1971 Bond.

"Series 1994 A Bond" means the outstanding Water Revenue Bond, Series 1994 A, of the Issuer, dated June 22, 1994, issued in the original principal amount of \$360,000, described in Section 1.02G, hereof.

"Series 1994 A Bond Resolution" means the resolution of the Issuer adopted June 22, 1994, authorizing issuance of the Series 1994 A Bond.

"Series 1994 B Bond" means the outstanding Water Revenue Bond, Series 1994 B, of the Issuer, dated November 3, 1994, issued in the original principal amount of \$77,000, described in Section 1.02G, hereof.

"Series 1994 B Bond Resolution" means the resolution of the Issuer adopted November 3, 1994, authorizing issuance of the Series 1994 B Bond.

"System" means the 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 Bond or any certificate or other document by the Chairman or the Secretary/Treasurer shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary/Treasurer.

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$2,335,700, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01.      Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1997," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$500,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02.      Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 4.5% per annum, and shall be sold for the par value thereof.

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

Section 3.03.      Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The 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 Registrar with respect to such transfer.

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

Section 3.04.      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 Bond and, upon presentation for such purpose, the Bond Registrar shall,

under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Bond Registrar shall accept the Bond 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 Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond 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 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/Treasurer. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the Series 1971 Bond, the Series 1994 A Bond and

the Series 1994 B Bond, in addition to the statutory mortgage lien on the System hereinafter provided for as to the Bond. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due, all on a parity with the Series 1971 Bond, the Series 1994 A Bond and the Series 1994 B Bond.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

FRIENDLY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1997

\$500,000

No. R-1

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

FOR VALUE RECEIVED, FRIENDLY 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 FIVE HUNDRED THOUSAND DOLLARS (\$500,000), plus interest on the unpaid principal balance at the rate of 4.5% 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 \$2,295, 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 heretofore 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 heretofore, 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 the cost of improvements and extensions to the existing waterworks system (the "System") of the Borrower, is payable solely from and secured by 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, nor shall the Borrower be obligated to pay the same or interest thereon except from the special fund so provided.

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 heretofore.

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

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

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the 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 SERIES 1971 BOND, THE SERIES 1994 A BOND AND THE SERIES 1994 B BOND DESCRIBED IN SAID RESOLUTION.

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 revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Resolution and any other resolutions, orders or 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, FRIENDLY 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/Treasurer, all as of the date hereinabove written.

FRIENDLY PUBLIC SERVICE DISTRICT  
(Name of Borrower)

[CORPORATE SEAL]

\_\_\_\_\_  
(Signature of Executive Official)

Chairman, Public Service Board  
(Title of Executive Official)

P.O. Box 138  
(P. O. Box No. or Street Address)

Friendly, West Virginia 26146  
(City, State and Zip Code)

ATTEST:

\_\_\_\_\_  
(Signature of Attesting Official)

Secretary/Treasurer, Public Service Board  
(Title of Executive Official)

(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. 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 Resolutions), 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 Resolutions and continued hereby);
- (2) Reserve Account (established by the Prior Resolutions and continued hereby);
- (3) Depreciation Fund (established by the Prior Resolutions and continued hereby); and
- (4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

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

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

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When 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 Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holders of the Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and 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:

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

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

(iii) The Issuer shall next, each month, 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 into the Reserve Account, 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 in any year, until the amount in the Reserve Account equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Account, the Issuer shall monthly deposit into the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the Bonds 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.

(iv) The Issuer shall next, each month, 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 Fund, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Fund the aggregate sum of \$250,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Fund 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, pro rata, or for any lawful purpose.

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

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Depreciation Fund herein provided, and all amounts required for the Reserve Account and the Depreciation Fund 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 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 Resolutions, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Account and the Depreciation Fund 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, in the Prior Resolutions 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 Resolutions, earnings upon moneys in the Reserve Account, so long as the Minimum Reserve is on deposit

and maintained therein, shall be paid annually 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 Bond, provide evidence that there will be at least 246 bona fide full-time 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 Bond, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$500,000 (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 a credit agreement or similar agreement, with such commercial bank or other lender acceptable to the Purchaser. 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 Bond or the Grants. 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 Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholder.

Section 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 Bond and sufficient to make the payments required herein into the Reserve Account and the Depreciation Fund and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

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

Section 5.04.      Issuance of Additional Parity Bonds or Obligations.      No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued after the issuance of the Bond pursuant hereto, except with the prior written consent of the Purchaser.

Section 5.05.      Insurance and Bonds.      The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a)      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 Bond.

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

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

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; 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 secretary/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 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 and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

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

(b) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to

obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary/Treasurer on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13.      Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14.      No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

## ARTICLE VI

### RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on November 22, 1996 (Case No. 95-0764-PWD-CN), as amended by the Commission Order of the Public Service Commission of West Virginia, entered on June 6, 1997, (Case No.95-0764-PWD-CN Reopened), (collectively, the "Final Order") 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 Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02.      Modification or Amendment. Prior to issuance of the Bond, this Resolution may be amended or supplemented in any way by resolution. Following issuance of the Bond, no resolution amendatory hereof or supplemental hereto, shall be made without the prior written consent of the Purchaser.

Section 7.03.      Delivery of Bond. The Chairman and Secretary/Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04.      Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05.      Prior Resolutions; 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.

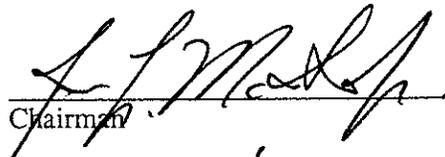
All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47) and the Prior Resolutions.

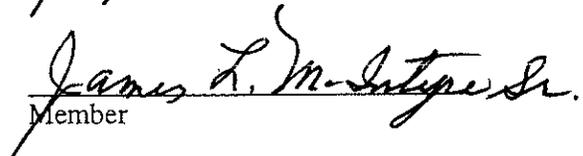
Section 7.06.      Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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/Treasurer 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: June 11, 1997.

  
Chairman

  
Member

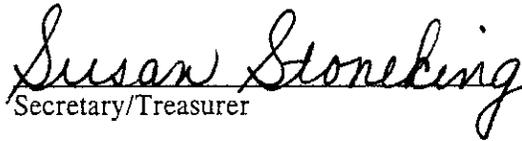
\_\_\_\_\_  
Member

CERTIFICATION

Certified a true copy of a Bond Resolution duly enacted by the Public Service Board of the Friendly Public Service District on the 11th day of June, 1997.

Dated June 11, 1997

[SEAL]

  
Secretary/Treasurer

06/10/97  
FRS.A4  
311200/96001



## AGREEMENT

**THIS AGREEMENT**, entered into this 1<sup>ST</sup> day of July, 2003, between the City of Sistersville, a municipal corporation (hereinafter referred to as "SELLER") and Friendly Public Service District, a West Virginia corporation (hereinafter referred to as "PURCHASER").

**WHEREAS**, SELLER owns and operates a water supply distribution system with capacity currently capable of serving the present customers of SELLER's system and an estimated number of water users to be served by said Purchaser as shown upon the plans of the system now on file in the office of PURCHASER; and

**WHEREAS**, PURCHASER is organized and established under the provisions of Chapter 16-13-A2 of the Code of West Virginia, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in the plans now on file in the office of PURCHASER and to accomplish this purpose, PURCHASER will require a supply of treated water; and

**WHEREAS**, by ordinance enacted on the 11<sup>th</sup> day of August, 2003, by the Common Council of the City of Sistersville, West Virginia, the sale of the water to PURCHASER in accordance with the provisions of the said contract was approved, and the execution of this contract by the mayor and attestation by the Secretary, was duly authorized; and

**WHEREAS**, by resolution of the Board of Directors of PURCHASER, enacted on the 29 day of Aug., 2003, the purchase of water from SELLER in accordance with the terms set forth in the said resolution is approved, and the execution of this contract by the Chairman, and attestation by the Secretary was duly authorized;

**NOW, THEREFORE**, in consideration of the foregoing and the mutual agreements hereinafter set forth it is hereby:

**A. SELLER AGREES:**

1. **QUALITY AND QUANTITY** – To furnish PURCHASER at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Health Department in such quantity as may be required by PURCHASER not to exceed 2,500,000 gallons per month.

2. POINT OF DELIVERY AND PRESSURE – That water will be furnished at a reasonably constant pressure calculated at 10# from an existing 12 inch main supply at a point located at the base of the tank. If a greater pressure than that normally available at the point of delivery is required by PURCHASER, the cost of providing such greater pressure shall be borne by PURCHASER. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire, and use of water to fight fire, earthquake or other catastrophe shall excuse SELLER from this provision for such reasonable period of time as may be necessary to restore service.

3. METERING EQUIPMENT – SELLER shall install and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit and required devices of standard type for accurately measuring the quantity of water delivered to PURCHASER and to cause said metering equipment whenever requested by PURCHASER but not more frequently than once every twelve (12) months. A meter registering not more than two percent deviation from the test result shall be deemed to be accurate. If such test shall disclose that the meter is not accurate, the readings of the meter for the preceding three months shall be adjusted for such inaccuracy, and the billing for the said three-month period shall be adjusted to reflect the reading modified by the percentage deviation (that is, if the meter shows that PURCHASER received less water than it was billed PURCHASER shall receive a credit on its account; and if the meter shows that PURCHASER received more water than it was billed PURCHASER shall have its account owed increased). If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless SELLER and PURCHASER shall agree upon a different amount. The metering equipment shall be read on the first day of the month. An appropriate official of PURCHASER at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. BILLING PROCEDURE – To furnish PURCHASER at the above address not later than the 15<sup>th</sup> day of each month, with an itemized statement of the amount of water furnished PURCHASER during the preceding month.

**B. PURCHASER AGREES:**

1. RATES AND PAYMENT DATE – To pay SELLER, not later than the 20<sup>th</sup> day of each month, for water delivered in accordance with the rate schedule on the attached Exhibit A.

**C. IT IS FURTHER MUTUALLY AGREED BETWEEN SELLER AND PURCHASER:**

1. TERM OF CONTRACT -- That this contract shall extend for a term of 5 ½ years beginning July 1, 2003, and continuing through December 31, 2008, and thereafter may be renewed or extended for such term, or terms, as may be agreed upon by SELLER and PURCHASER.

2. FAILURE TO DELIVERY -- That SELLER will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish PURCHASER with quantities of water required by PURCHASER. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or supply of water available to SELLER is otherwise diminished over an extended period of time, the supply of water to PURCHASER's consumers shall be reduced or diminished in the same ratio or proportion as the supply to SELLER's consumers is reduced or diminished.

3. MODIFICATION OF CONTRACT - - That the provisions of this contract pertaining to the schedule of rates to be paid by PURCHASER for water delivered are subject to modification as more fully set forth on the attached Exhibit A. All other modifications of this contract shall be made in writing and signed by both parties.

4. REGULATORY AGENCIES - - That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this state and SELLER and PURCHASER will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

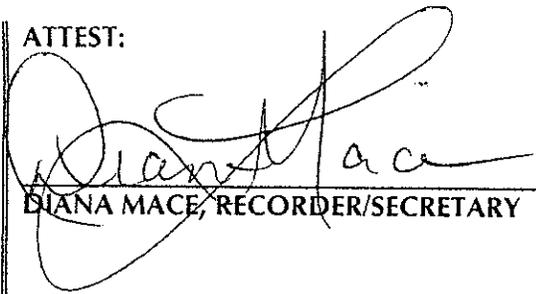
5. SUCCESSOR TO PURCHASER - - That in the event of any occurrence rendering PURCHASER incapable of performing under this contract, any successor of PURCHASER, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of PURCHASER hereunder.

**WITNESS THE FOLLOWING SIGNATURES:**

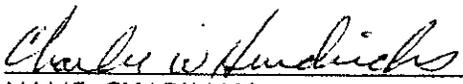
**THE CITY OF SISTERSVILLE  
A MUNICIPAL CORPORATION  
BY:**

  
\_\_\_\_\_  
**WILLIAM H. RICE, MAYOR**

ATTEST:

  
DIANA MACE, RECORDER/SECRETARY

FRIENDLY PUBLIC SERVICE DISTRICT  
BY:

  
NAME, CHARIMAN

ATTEST:

  
SUSAN STONEKING, RECORDER/SECRETARY

## **AGREEMENT**

This Agreement made and entered this 16<sup>th</sup> day of January, 2004, between the Friendly Public Service District, a public corporation, hereinafter referred to as "Seller", and GE Silicones, LLC, hereinafter referred to as "Buyer".

WHEREAS, Seller owns and operates a water supply and distribution system;  
and

WHEREAS, Seller plans to expand and extend the water supply and distribution system in proximity to Buyer's industrial plant through a planned extension commonly referred to as the "Bens Run Water Project"; and

WHEREAS, Seller and Buyer desire to enter into an agreement for the sale by Seller and purchase by Buyer of potable treated water upon the completion of water supply extension;

NOW, THEREFORE, in consideration of the agreements contained herein, the parties agree as follows:

### **ARTICLE 1. SUBJECT PREMISES**

- 1.1 Subject to the terms and conditions hereinafter set forth, Seller hereby agrees to sell and deliver to Buyer, and Buyer agrees to purchase, potable treated water.

### **ARTICLE 2. TERM**

- 2.1 This Agreement shall become effective upon the day of execution by the parties hereto. Delivery of water shall begin as soon as said water supply and distribution extension becomes operational. This Agreement shall continue for a term ending five years after the distribution extension becomes operable, provided, that, if the distribution extension is not operable on or before October 31, 2005, Buyer may cancel this contract and shall have no further liability hereunder.

### **ARTICLE 3. DELIVERY**

- 3.1 Seller shall be deemed to be in control and possession of the water hereunder until it shall have been delivered to Buyer, and title shall have passed to Buyer, at the Delivery Point (as defined in Section 7.1 of this Agreement). Buyer shall have no responsibility with respect to any water

hereunder until it is so delivered to Buyer at the deliver point or because of anything which may be done, happen, or arise with respect to said water before such delivery.

#### **ARTICLE 4. QUALITY**

- 4.1 All delivered water shall be of drinking water quality and in compliance with the standards established by the West Virginia Department of Environmental Protection and of the West Virginia Department of Health.
- 4.2 Buyer shall, upon reasonable notice, be permitted to view and copy, at Buyer's expense, all quality reports required by law or compiled to demonstrate compliance with applicable water laws and regulations.
- 4.3 Buyer shall be part of Seller's lead and copper sampling program in accordance with National Primary Drinking Water Regulation 40 CFR 141.86, provided, that Seller shall be responsible for all costs associated with Buyer's participation in this program.
- 4.4 Seller shall hold Buyer harmless from any liens or financial liability upon the water delivered other than metered charge as set forth herein.
- 4.5 Seller shall, throughout the term of this agreement, maintain all existing liability insurance in the policy limits in effect upon the date of execution of this agreement by Buyer and shall indemnify and hold harmless Buyer, its affiliates, officials, directors, officers, employees, agents from and against all damages, costs, losses, liabilities, charges or expenses, including court costs and reasonable attorneys' fees resulting from Seller's failure to comply with or maintain such policies or the lapse or termination of such policies for any reason.

#### **ARTICLE 5. QUANTITIES**

- 5.1 It is understood that, except as otherwise provided in this Agreement, Buyer agrees to purchase a minimum amount of 150,000 gallons of water per day (calculated as an average over each calendar month), and Seller agrees to have available for delivery a minimum amount of 250,000 gallons of water per day. In the event of an emergency or other unusual occurrence that requires a greater amount of water to be provided, Seller will use best commercial efforts to provide water in excess of its minimum requirements.

## **ARTICLE 6. MEASUREMENT**

- 6.1 All water shall be measured by a meter or other industry-approved measuring device of equal accuracy to be installed and operated by Seller. In the event buyer requests a device that is above Industry standards, Buyer agrees to pay for any extra expense incurred by Seller to meet Buyer's standards.
- 6.2 Seller agrees to calibrate such metering equipment on a frequency of twelve (12) months. If Buyer shall request in writing to Seller a test of the accuracy of its meter, and the meter is not due for periodic testing, Seller shall notify Buyer of the conditions under which the test will be made by Seller or by a certified testing company selected by Seller. If Buyer shall then request Seller to proceed with the test and remits an amount equal to the estimated cost incurred by Seller, but not less than ten dollars (\$10), Seller shall make the test promptly. A report giving results of the test shall be made to Buyer and Seller, and a complete record of the test shall be kept within Seller's records. If, when tested, the meter is found to be more than two percent (2%) in error, the amount advanced shall be promptly refunded to Buyer. If the meter is not found to be more than two percent (2%) in error, Seller shall retain the amount advanced by Buyer for the test.
- 6.3 If, when tested or calibrated, the meter is found to be more than two percent (2%) in error, the readings of the meter for one half of the period of time since the last testing or calibration of the meter shall be adjusted for such inaccuracy, and the billing of the said period shall be adjusted to reflect the reading modified by the percentage deviation (that is, if the meter shows that Buyer received less water than it was billed Buyer shall receive a credit on its account; and if the meter shows that Buyer received more water than it was billed Buyer shall have its account owed increased). If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Buyer shall agree upon a different amount.

## **ARTICLE 7. DELIVERY POINT**

- 7.1 One (1) measuring station shall be supplied by Seller under this Agreement at the point of delivery, which point of delivery shall be supplied through a pipeline of a minimum of 8 inch diameter and which point of delivery shall be at the outlet on Buyer's side of the meter (which meter shall be at a mutually agreed point outside the Plant fences), such point of delivery being referred to in this Agreement as the "delivery point". Said measuring station shall be located on a site furnished by Buyer and constructed at Seller's expense.

- 7.2 Water shall be provided by Seller at the delivery point at a pressure not less than 65 psig and not greater than 95 psig.

### **ARTICLE 8. PRICE AND PAYMENTS**

- 8.1 Seller shall read the meter and invoice Buyer in accordance with its customary billing cycle. In the event the amount of water metered is less than the minimum specified in Article 5.1, herein, Buyer shall pay the minimum charge for the number of days in the billing cycle.
- 8.2 The price to be invoiced monthly for the term of this agreement shall be \$1.20 per one thousand gallons for the first 150,000 gallons of daily use and thereafter \$.80 per one thousand gallons of daily use.
- 8.3 Seller shall bear all costs of purchasing and installing equipment up to the delivery point as necessary for the supply of water to Buyer's Sistersville Plant. Buyer shall bear all costs of installation and maintenance from the delivery point.
- 8.4 Payment will be 2% discount 15 days, net 75 days from date of Buyer's receipt of an invoice and acceptable product or services, as applicable.

### **ARTICLE 9. SHUT OFF VALVE**

- 9.1 Seller shall be permitted to install a shut off valve to be located adjacent to the inlet side of the delivery point meter. Buyer shall have the right to operate said shut off valve when necessary to remove, repair or replace equipment at its facility.
- 9.2 In order to provide Buyer with a continuous supply of water, and to provide Buyer with a greater flow rate than permitted by the metering device in the event of a fire emergency, Seller will install at the delivery point, at Buyer's expense, a meter by-pass valve with a tamper evident seal. The by-pass valve seal shall only be broken, and the by-pass valve opened, by Buyer in the event of fire emergency. The by-pass valve seal shall only be broken, and the by-pass valve opened, by Seller in the event the normal flow of water through the metering device is interrupted. In the event water is permitted to flow through the by-pass valve, Buyer shall pay the average daily metered amount for the thirty day period preceding the by-pass, for each calendar day in which the by-pass occurs. Buyer shall hold Seller harmless from any damages to Buyer's water delivery system and facility occurring as a result of increased water pressure due to the by-pass.

## **ARTICLE 10. GOVERNMENTAL REGULATION**

- 10.1 This agreement is contingent upon, and shall not be effective, in whole or in part, until and unless all Federal and State regulatory approvals and certificates of public convenience and necessity, required as a condition precedent to the water supply extension shall have been obtained. The parties agree to use their best efforts to secure all necessary regulatory approvals of the terms and conditions of this agreement.
- 10.2 This agreement shall be subject to applicable Federal and State laws and rules and regulations of any Federal or State administrative body or authority having jurisdiction in the premises.

## **ARTICLE 11. FORCE MAJEURE**

- 11.1 In case either party to this Agreement fails to perform any obligation hereunder assumed by it and such failure is due to acts of God or a public enemy, strikes, riots, injunctions or other interference through legal proceedings, breakage (other than breakage caused by Seller's negligence or failure to comply with proper maintenance standards) or accident to machinery or lines of pipe, washouts, earthquakes, storms, freezing of lines (other than freezing caused by Seller's negligence or failure to comply with proper maintenance standards), or the compliance with any statute, either State or Federal, or with any order of the Federal Government or any branch thereof, or of the Government of the State wherein subject water system is situate, or to any causes not due to the fault of such party, or is caused by the necessity for making repairs or alterations in Seller's machinery or lines of pipe, such failure shall not be deemed to be a violation by such party of its obligations hereunder, but such party shall use due diligence to again put itself in position to carry out all of the obligations which by the terms hereof it has assumed. In the event Seller declares an event of force majeure and is unable to supply water (of the quantity or quality required hereunder), Buyer shall be released from its obligations to purchase hereunder to the extent of Seller's inability to supply.

## **ARTICLE 12. PARTIES BOUND**

- 12.1 All the covenants, conditions and obligations of this Agreement shall extend to and be binding upon the successors and assigns of the parties to it.

12.2 This Agreement shall be governed by and interpreted under the laws of the State of West Virginia. In the event of a dispute, the parties agree that jurisdiction shall reside solely with the appropriate court within the State of West Virginia.

IN WITNESS WHEREOF, the parties hereto have caused their names to be signed hereto and their seal affixed all as of the day and year just above written.

FRIENDLY PUBLIC SERVICE DISTRICT

BY:   
(print name) Robert Patterson  
ITS:

GE SILICONES, LLC

BY:   
(print name) Marco Haynes  
ITS: Global Sourcing Manager

MM 1/19/04



**Friendly Public Service District**  
**Ben's Run Industrial Park Water Extensions**

Resolution No. 7

February 28, 2005

Payee	EDA GRANT	UJC LOAN	Total
1 Carrone Associates, Inc. 401 Main Street Wheeling, WV 26002	82,344.22	14,838.08	74,180.27
2 Stepien & Johnson PLLC Bank One Center, Seventh Floor P. O. Box 1588 Charleston, WV 25326-1588	0.00	15,000.00	15,000.00
3 Stepien & Johnson PLLC Bank One Center, Seventh Floor P. O. Box 1588 Charleston, WV 25326-1588	7,500.00	0.00	7,500.00
4 Griffith & Associates 990 Little Coal River Road Aum Creek, WV 26002	10,000.00	0.00	10,000.00
5 Frederick M. Dean Rohrig 226 1/2 Main Street Middlebourne WV 26140	5,000.00	0.00	5,000.00
6 Friendly Public Service District Route 2, Box 281 Friendly, WV 26188	27,002.00	8,725.50	33,727.50
7 Stonegate Construction, Inc. 1378 Way Road Beldo, Oh 43714	40,322.84	10,080.71	50,403.55
<b>Total This Request</b>	<b>145,169.06</b>	<b>48,642.29</b>	<b>193,811.32</b>
Prior Requests	0.00	0.00	0.00
<b>Total Requested To Date</b>	<b>145,169.06</b>	<b>48,642.29</b>	<b>193,811.32</b>

Recommended for payment

Carrone Associates, Inc.  
 By: Mammie Tymoczko Date: 2/28/05

**RESOLUTION OF THE FRIENDLY PUBLIC SERVICE DISTRICT**

WHEREAS, the Friendly Public Service District has reviewed the attached invoices relating to the proposed water extensions construction project and finds as follows:

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

NOW, THEREFORE, BE IT RESOLVED by the Friendly Public Service District that the payment of the attached invoices, as summarized above, is hereby authorized and directed.

Adopted by the Friendly Public Service District at a meeting held on the \_\_\_ day of February, 2005.

Charles W. Hudrich  
James Mason

Dan S. Ricketts

**Friendly Public Service District**  
 Ben's Run Industrial Park Water Extensions

Resolution No. 1

February 28, 2005

Payee	EDA GRANT	LDC LOAN	Total
1 Carrone Associates, Inc. 401 Main Street Wheeling, WV 26003	59,344.22	14,836.05	74,180.27 ✓
2 Steptoe & Johnson PLLC Bank One Center, Seventh Floor P. O. Box 1588 Charleston, WV 25326-1588	0.00	15,000.00	15,000.00 ✓
3 Steptoe & Johnson PLLC Bank One Center, Seventh Floor P. O. Box 1588 Charleston, WV 25326-1588	7,500.00	0.00	7,500.00 ✓
4 Griffith & Associates 660 Little Coal River Road Akum Creek, WV 25003	10,000.00	0.00	10,000.00 ✓
5 Frederick M. Dean Rohrig 225 1/2 Main Street Martinsburg WV 26149	5,000.00	0.00	5,000.00 ✓
6 Friendly Public Service District Route 2, Box 361 Friendly, WV 26155	27,002.00	6,725.50	33,727.50
7 Stonegate Construction, Inc. 1378 Way Road Bellevue, Oh 45714	40,322.84	10,080.71	50,403.55 ✓
<b>Total This Request</b>	<b>149,189.06</b>	<b>48,642.26</b>	<b>195,811.32</b>
<b>Prior Requests</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Requested To Date</b>	<b>149,189.06</b>	<b>48,642.26</b>	<b>195,811.32</b>

\$ 46,643

Recommended for payment:

Cerrone Associates, Inc.

By: *M. Marminec*

Date: 2/28/05

**RESOLUTION OF THE FRIENDLY PUBLIC SERVICE DISTRICT**

WHEREAS, the Friendly Public Service District has reviewed the attached invoices relating to the proposed water extensions construction project and finds as follows:

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

NOW, THEREFORE, BE IT RESOLVED by the Friendly Public Service District that the payment of the attached invoices, as summarized above, is hereby authorized and directed.

Adopted by the Friendly Public Service District at a meeting held on the \_\_\_\_ day of February, 2005.

02/28/2005 14:31 #327 P.002/002

304 5584609

From: WV INFRASTRUCTURE

Received Time Feb. 28. 1:11PM



American Alternative Insurance Corporation  
 Administrative Office:  
 555 College Road East  
 Princeton, New Jersey 08543-5241  
 (800)-305-4954



**SPECIAL DISTRICTS INSURANCE PROGRAM  
 COMMON POLICY DECLARATIONS**

Policy No. SDISSK 9103094 - 0  
 Renewal Of:

**NAMED INSURED AND MAILING ADDRESS:**

Friendly Public Service District  
  
 PO Box 138  
  
 Friendly, WV 26146

**AGENT NAME AND ADDRESS:**

VFIS  
 183 Leader Heights Road  
 PO Box 2726  
 York, PA 17405

**POLICY PERIOD:** From 2/1/2005 To 2/1/2006  
 at 12:01 a.m. Standard Time at your mailing address shown above.

**TYPE OF DISTRICT:** Water District

In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

This policy consists of the following Coverage Parts for which a premium is indicated. This premium may be subject to adjustment.

	PREMIUM
Property and Inland Marine Coverage Part	\$ <u>INCLUDED</u>
Liability Coverage Part	\$ <u>INCLUDED</u>
Crime Coverage Part	\$ <u>INCLUDED</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
<b>TOTAL PREMIUM</b>	<b>\$ \$ 3,928.00</b>
<b>SURCHARGE</b>	<b>\$ 39.28</b>
	_____
	_____
	_____

**FORMS APPLICABLE TO ALL COVERAGE PARTS:** SCO300 (05-03), SCO301 (05-03), SCOWV1 (05-03), SCOWV2 (05-03)

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART SUPPLEMENTAL DECLARATIONS, COVERAGE PARTS, FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

COUNTERSIGNED \_\_\_\_\_  
 DATE

by *Bruce Williams*  
 AUTHORIZED REPRESENTATIVE