FRIENDLY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

DATE OF CLOSING: DECEMBER 4, 2008

BONDS TRANSCRIPT

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FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

BOND TRANSCRIPT

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FRIENDLY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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FRIENDLY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE PAYMENT OF WATERWORKS SYSTEM DESIGN REVENUE BONDS, SERIES 2007 A, AND ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF FRIENDLY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $2,450,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. 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.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health, safety, advantage,

convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public waterworks system of the Issuer, consisting of additions and improvements to its water distribution system, consisting of two wells, three water storage tanks several connections, a booster station, and appurtenances, and the upgrading of a booster station, together with all appurtenant facilities (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 and at the costs estimated in Section 2.01 hereof.

C. The Issuer has heretofore temporarily financed the design and other preliminary costs of the Project by the issuance of the Waterworks System Design Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated September 13, 2007 issued in the original aggregate principal amount of $68,229 (the "Series 2007 A Bonds").

D. The Series 2007 A Bonds were issued pursuant to a Resolution of the Issuer previously enacted for such purpose (such resolution, as amended and supplemented is herein called the "Series 2007 A Bonds Resolution").

E. It is deemed necessary and desirable for the Issuer to pay the Series 2007 A Bonds.

F. The Issuer intends to pay the Series 2007 A Bonds and to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund pursuant to the Act.

G. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) in the total aggregate principal amount of $2,450,000 (the "Series 2008 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project and to pay the Series 2007 A Bonds. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2008 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 A 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 2008 A Bonds or the repayment of

indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

I. It is in the best interests of the Issuer that its Series 2008 A 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"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

J. Upon repayment of the Series 2007 A Bonds, the Issuer will have the following outstanding obligations which will rank on a parity with the Series 2008 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (1) Water Revenue Bonds, Series 1994 A (United States Department of Agriculture), dated June 22, 1994, issued in the original aggregate principal amount of $360,000; (2) Water Revenue Bonds, Series 1994 B (United States Department of Agriculture), dated November 3, 1994, issued in the original aggregate principal amount of $77,000; (3) Water Revenue Bonds, Series 1997 (United States Department of Agriculture), dated June 11, 1997, issued in the original aggregate principal amount of $500,000; (4) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $300,000; and (5) Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated March 11, 2005, issued in the original aggregate principal amount of $40,000 (collectively, the "Prior Bonds").

The Series 2008 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

K. The estimated revenues to be derived in each year following 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 2008 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

L. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2008 A 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 2008 A Bonds or such final order will not be subject to appeal or rehearing.

M. 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. That, unless it qualifies for an exception, the Issuer shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2008 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2008 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2008 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2008 A Bonds, the Prior Bonds and 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 2008 A Bonds for all or a portion of the proceeds of the Series 2008 A Bonds from the Authority.

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

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

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

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

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

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

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

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

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

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

"Grants" means any grants that may be received for the project.

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

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

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

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

"Loan Agreement" means, the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2008 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2008 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the 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 2008 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as

herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2008 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1994 A Bonds, the Series 1994 B Bonds, the Series 1997 Bonds, the Series 2005 A Bonds and the Series 2005 B Bonds.

"Prior Resolution" means, collectively, the Resolutions authorizing the Prior Bonds.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2008 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2008 A Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

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

"Series 1994 A Bonds" means the Issuer's Water Revenue Bonds, Series 1994 A (United States Department of Agriculture), dated June 22, 1994, issued in the original aggregate principal amount of $360,000.

"Series 1994 B Bonds" means the Issuer's Water Revenue Bonds, Series 1994 B (United States Department of Agriculture), dated November 3, 1994, issued in the original aggregate principal amount of $77,000.

"Series 1997 Bonds" means the Issuer's Water Revenue Bonds, Series 1997 (United States Department of Agriculture), dated June 11, 1997, issued in the original aggregate principal amount of $500,000.

"Series 2005 A Bonds" means the Issuer's Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $300,000.

"Series 2005 B Bonds" means the Issuer's Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated March 11, 2005, issued in the original aggregate principal amount of $40,000.

"Series 2007 A Bonds" means Waterworks System Design Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated September 13, 2007, issued in the original aggregate principal amount of $68,229.

"Series 2007 A Bonds Resolution" means the Resolution authorizing the Series 2007 A Bonds.

"Series 2008 A Bonds" means the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2008 A Bonds Construction Trust Fund" means the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2008 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2008 A Bonds in the then current or any succeeding year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2008 A 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 2008 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2008 A 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 systems from any sources whatsoever.

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

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND AUTHORIZATION OF PAYMENT OF THE SERIES 2007 A BONDS

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 $2,450,000, 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 2008 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated not to exceed $2,450,000 which will be obtained from the proceeds of the Series 2008 A Bonds.

Section 2.02. Authorization of Payment of the Series 2007 A Bonds. There is hereby authorized and ordered the payment in full of the entire outstanding principal of and the interest on the Series 2007 A Bonds on the Closing Date from the proceeds of the Series 2008 A Bonds. Upon payment of the Series 2007 A Bonds, any funds pledged in favor of the holders of the Series 2007 A Bonds imposed by the Series 2007 A Bonds Resolution are hereby ordered terminated, discharged and released.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of paying the Series 2007 A Bonds, capitalizing interest, if any, on the Series 2008 A Bonds, funding the Reserve Account for the Series 2008 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2008 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)," in the principal amount of $2,450,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2008 A Bonds, if any, and paying the Series 2007 A Bonds, shall be deposited in or credited to the Series 2008 A 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 2008 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2008 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2008 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2008 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2008 A Bonds. The Series 2008 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, 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 have such terms as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2008 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2008 A Bonds shall cease to be such officer of the Issuer before the Series 2008 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2008 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 2008 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2008 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2008 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2008 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2008 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2008 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2008 A Bonds or transferring the registered Series 2008 A Bonds are exercised, all Series 2008 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2008 A

Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2008 A 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 Series 2008 A Bonds or, in the case of any proposed redemption of Series 2008 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2008 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured by a first lien on the 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. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2008 A 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 2008 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008 A 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 2008 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2008 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2008 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2008 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FRIENDLY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2008, 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, _____, 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 _____, 2008.

This Bond is issued (i) to pay the Issuer's Waterworks System Design Revenue Bonds, Series 2007 A (the "Series 2007 A Bonds"); (ii) to pay the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system 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"), and a Bond Resolution duly adopted by the Issuer on _____, 2008, and a Supplemental Resolution duly adopted by the Issuer on _____, 2008 (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 OTHER RESPECTS, WITH (1) WATER REVENUE BONDS, SERIES 1994 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 22, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $360,000; (2) WATER REVENUE BONDS, SERIES 1994 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 3, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $77,000; (3) WATER REVENUE BONDS, SERIES 1997 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000; (4) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000; AND (5) WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $40,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 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 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, 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, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

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

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2008.

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 $_____

(Form of)

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2008 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, 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 (or continued if previously established by 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 the Prior Resolution and continued hereby);

(2) Renewal and Replacement Fund (established by the Prior Resolution as the Depreciation Fund and continued hereby); and

(3) Series 2008 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by Prior Resolutions) 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 (established by Prior Resolution);

(2) Series 1994 B Bonds Reserve Account (established by Prior Resolution);

(3) Series 1997 Bonds Reserve Account (established by Prior Resolution);

(4) Series 2005 A Bonds Sinking Fund (established by Prior Resolution);

(5) Series 2005 A Bonds Reserve Account (established by Prior Resolution);

(6) Series 2005 B Bonds Sinking Fund (established by Prior Resolution);

(7) Series 2005 B Bonds Reserve Account (established by Prior Resolution);

(8) Series 2008 A Bonds Sinking Fund; and

(9) Series 2008 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, each month transfer from the Revenue Fund and simultaneously on or before the due date thereof (i) remit to the National Finance Office the amounts required to pay interest on the Series 1994 A Bonds, Series 1994 B Bonds and Series 1997 Bonds; and (ii) remit to the Commission the amounts required to pay interest on the Series 2005 B Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the National Finance Office the amounts required to pay principal of the Series 1994 A Bonds, Series 1994 B Bonds and Series 1997 Bonds, as required by the Prior Resolutions; (ii) remit to the Commission the amounts required to pay principal of the Series 2005 A Bonds and the Series 2005 B Bonds, as required by the Prior Resolutions; and (iii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 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 2008 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.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Commission, the amounts required by the Prior Resolutions for deposit in the respective Reserve Accounts for the Prior Bonds; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, if not fully funded upon issuance of the Series 2008 A Bonds, for deposit in

the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement, until the amount in the Series 2008 A Bonds Reserve Account equals the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 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 2008 A Bonds Reserve Requirement.

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

Monies in the Series 2008 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2008 A Bonds as the same shall become due. Monies in the Series 2008 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2008 A Bonds as the same shall come due, when other monies in the Series 2008 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 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 2008 A 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 2008 A Bonds, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2008 A Bonds Reserve Account which result in a reduction in the balance therein to below the 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 2008 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2008 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account 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 Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A 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 account payments with respect to the Series 2008 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, 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 law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the respective parties 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 all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2008 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008 A Bonds, there shall first be deposited with the Commission in the Series 2008 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 2008 A Bonds for the period commencing on the date of issuance of the Series 2008 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 2008 A Bonds, there shall be deposited with the Commission in the Series 2008 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2008 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2008 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 2008 A Bonds shall be applied as directed by the Council.

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 of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2008 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer 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.

The Issuer shall expend all proceeds of the Series 2008 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.

Pending such application, monies in the Series 2008 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2008 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2008 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured by a first lien on the 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. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2008 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered June 15, 2006 which became Final Order on July 5, 2006, in Case 05-1811-PWD-30B, and such rates are hereby adopted.

So long as the Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with

the Series 2008 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Series 2008 A Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the Council, the Authority and the holders of the Prior Bonds, 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 2008 A Bonds, immediately be remitted to the Commission for deposit in the Series 2008 A Bonds Sinking Fund and applied to the payment of principal of and interest, if any, on the Series 2008 A Bonds. Any balance remaining after the payment of the Series 2008 A 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 Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2008 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2008 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2008 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2008 A 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 2008 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2008 A 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 2008 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the 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 Series 1994 A Bonds, Series 1994 B Bonds and Series 1997 Bonds 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 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1994 A Bonds, Series 1994 B Bonds and Series 1997 Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1994 A Bonds, Series 1994 B Bonds and Series 1997 Bonds are no longer Outstanding, the following 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 and approved by the Public Service Commission of West Virginia, 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 2008 A 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 2008 A 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 will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be

maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2008 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto) 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 2008 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2008 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, 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 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 2008 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2008 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2008 A 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 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 A 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 professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in 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 will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate 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 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. Except as required by law, the Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

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

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE

AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

Section 7.16. 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 and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the

Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2008 A Bonds and shall be on a parity with the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement 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 will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2008 A 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 2008 A Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2008 A Bonds made available due to bid or construction or project underruns.

C. The Issuer 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 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, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2008 A Bonds as a condition to issuance of the Series 2008 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 2008 A Bonds as may be necessary in order to maintain the status of the Series 2008 A Bonds as public purpose 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 2008 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, from which the proceeds of the Series 2008 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 2008 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 2008 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2008 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond;

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

(4) If default occurs under the Prior Bonds or the Prior Resolutions.

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 2008 A Bonds shall be on a parity with 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 exercise.

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the 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 2008 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other 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 2008 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2008 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 2008 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 A 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 2008 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 A 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 thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2008 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2008 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions 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.

[Remainder of Page Intentionally Blank]

Adopted this 17th day of November, 2008.

Arthur W. Mason
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of FRIENDLY PUBLIC SERVICE DISTRICT on the 17th day of November, 2008.

Dated: December 4, 2008.

[SEAL]

Secretary

11.11.08
311200.00004

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3.

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF FRIENDLY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Friendly Public Service District (the "Issuer") has duly and officially adopted a bond resolution on November 17, 2008 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE PAYMENT OF WATERWORKS SYSTEM DESIGN REVENUE BONDS, SERIES 2007 A, AND ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF FRIENDLY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $2,450,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed $2,450,000 and has authorized the execution and delivery of the loan agreement relating to the Series 2008 A Bonds, 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"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provisions, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF 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 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $2,450,000. The Series 2008 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2048, and shall bear no interest. The principal of the Series 2008 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2010, to and including December 1, 2048, 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 2008 A Bonds. The Series 2008 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 2008 A Bonds.

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

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

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

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

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

Section 7. Series 2008 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2008 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2008 A Bond Proceeds in the amount of $-0- shall be deposited in the Series 2008 A Bonds Reserve Account.

Section 9. Series 2008 A Bonds proceeds in the amount of $66,695.96 shall be deposited with the Commission on the Closing Date to pay the Series 2007 A Bonds in full.

Section 10. The balance of the proceeds of the Series 2008 A Bonds shall be deposited in or credited to the Series 2008 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about December 4, 2008, to the Authority pursuant to the Loan Agreement.

Section 12. The payment of the Series 2007 A Bonds, the acquisition and construction of the Project and the financing thereof with proceeds of the Series 2008 A 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 13. 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, 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 Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. 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 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 17th day of November, 2008.

FRIENDLY PUBLIC SERVICE DISTRICT

By: Arthur W. Mason
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Friendly Public Service District on November 17, 2008.

Dated: December 4, 2008.

[SEAL]

Sandy Marsh
Secretary

11.11.08
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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
(2006W-927)

(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 10th of each month to the Authority and Council.

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as

possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (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)

By: Arthur W. Mason
Its: Chairman
Date: December 4, 2008

Attest:

Sandy Marsh
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: December 4, 2008

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

{C1435520.1}

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[1] has ascertained that all

[1]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 _____,

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, [2]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. _____

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

Item	Current Month	Total Year To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
Type of Issue				
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 10th 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 $2,450,000
Purchase Price of Local Bonds $2,450,000

The Local Bonds shall bear no interest. Commencing June 1, 2010, principal on 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 authorize the Commission to electronically debit its monthly payments. The Commission 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) Friendly Public Service District Water Revenue Bonds, Series 1994 A (United States Department of Agriculture), dated June 22, 1994, issued in the original aggregate principal amount of $360,000;

(2) Friendly Public Service District Water Revenue Bonds, Series 1994 B (United States Department of Agriculture), dated November 3, 1994, issued in the original aggregate principal amount of $77,000;

(3) Friendly Public Service District Water Revenue Bonds, Series 1997 (United States Department of Agriculture), dated June 11, 1997, issued in the original aggregate principal amount of $500,000;

(4) Friendly Public Service District Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $300,000; and

(5) Friendly Public Service District Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated March 11, 2005, issued in the original aggregate principal amount of $40,000

BOND DEBT SERVICE
Friendly Public Service District
$2,450,000

0% Interest Rate; 40 Years from Closing Date

Dated Date 12/4/2008
Delivery Date 12/4/2008

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
6/1/2010	15,807.		15,807.	
9/1/2010	15,807.		15,807.	
12/1/2010	15,807.		15,807.	47,421.
3/1/2011	15,807.		15,807.	
6/1/2011	15,807.		15,807.	
9/1/2011	15,807.		15,807.	
12/1/2011	15,807.		15,807.	63,228.
3/1/2012	15,807.		15,807.	
6/1/2012	15,807.		15,807.	
9/1/2012	15,807.		15,807.	
12/1/2012	15,807.		15,807.	63,228.
3/1/2013	15,807.		15,807.	
6/1/2013	15,807.		15,807.	
9/1/2013	15,807.		15,807.	
12/1/2013	15,807.		15,807.	63,228.
3/1/2014	15,807.		15,807.	
6/1/2014	15,807.		15,807.	
9/1/2014	15,807.		15,807.	
12/1/2014	15,807.		15,807.	63,228.
3/1/2015	15,807.		15,807.	
6/1/2015	15,807.		15,807.	
9/1/2015	15,807.		15,807.	
12/1/2015	15,807.		15,807.	63,228.
3/1/2016	15,807.		15,807.	
6/1/2016	15,807.		15,807.	
9/1/2016	15,807.		15,807.	
12/1/2016	15,807.		15,807.	63,228.
3/1/2017	15,807.		15,807.	
6/1/2017	15,807.		15,807.	
9/1/2017	15,807.		15,807.	
12/1/2017	15,807.		15,807.	63,228.
3/1/2018	15,807.		15,807.	
6/1/2018	15,807.		15,807.	
9/1/2018	15,807.		15,807.	
12/1/2018	15,807.		15,807.	63,228.
3/1/2019	15,807.		15,807.	
6/1/2019	15,807.		15,807.	
9/1/2019	15,807.		15,807.	
12/1/2019	15,807.		15,807.	63,228.
3/1/2020	15,807.		15,807.	
6/1/2020	15,807.		15,807.	
9/1/2020	15,807.		15,807.	
12/1/2020	15,807.		15,807.	63,228.
3/1/2021	15,807.		15,807.	
6/1/2021	15,807.		15,807.	
9/1/2021	15,807.		15,807.	

BOND DEBT SERVICE

Friendly Public Service District

0% Interest Rate; 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
12/1/2021	15,807.		15,807.	63,228.
3/1/2022	15,807.		15,807.	
6/1/2022	15,807.		15,807.	
9/1/2022	15,807.		15,807.	
12/1/2022	15,807.		15,807.	63,228.
3/1/2023	15,807.		15,807.	
6/1/2023	15,807.		15,807.	
9/1/2023	15,807.		15,807.	
12/1/2023	15,807.		15,807.	63,228.
3/1/2024	15,807.		15,807.	
6/1/2024	15,807.		15,807.	
9/1/2024	15,807.		15,807.	
12/1/2024	15,807.		15,807.	63,228.
3/1/2025	15,807.		15,807.	
6/1/2025	15,807.		15,807.	
9/1/2025	15,807.		15,807.	
12/1/2025	15,807.		15,807.	63,228.
3/1/2026	15,807.		15,807.	
6/1/2026	15,807.		15,807.	
9/1/2026	15,807.		15,807.	
12/1/2026	15,807.		15,807.	63,228.
3/1/2027	15,807.		15,807.	
6/1/2027	15,807.		15,807.	
9/1/2027	15,807.		15,807.	
12/1/2027	15,806.		15,806.	63,227.
3/1/2028	15,806.		15,806.	
6/1/2028	15,806.		15,806.	
9/1/2028	15,806.		15,806.	
12/1/2028	15,806.		15,806.	63,224.
3/1/2029	15,806.		15,806.	
6/1/2029	15,806.		15,806.	
9/1/2029	15,806.		15,806.	
12/1/2029	15,806.		15,806.	63,224.
3/1/2030	15,806.		15,806.	
6/1/2030	15,806.		15,806.	
9/1/2030	15,806.		15,806.	
12/1/2030	15,806.		15,806.	63,224.
3/1/2031	15,806.		15,806.	
6/1/2031	15,806.		15,806.	
9/1/2031	15,806.		15,806.	
12/1/2031	15,806.		15,806.	63,224.
3/1/2032	15,806.		15,806.	
6/1/2032	15,806.		15,806.	
9/1/2032	15,806.		15,806.	
12/1/2032	15,806.		15,806.	63,224.
3/1/2033	15,806.		15,806.	
6/1/2033	15,806.		15,806.	
9/1/2033	15,806.		15,806.	
12/1/2033	15,806.		15,806.	63,224.
3/1/2034	15,806.		15,806.	

BOND DEBT SERVICE

Friendly Public Service District

0% Interest Rate; 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
6/1/2034	15,806.		15,806.	
9/1/2034	15,806.		15,806.	
12/1/2034	15,806.		15,806.	63,224.
3/1/2035	15,806.		15,806.	
6/1/2035	15,806.		15,806.	
9/1/2035	15,806.		15,806.	
12/1/2035	15,806.		15,806.	63,224.
3/1/2036	15,806.		15,806.	
6/1/2036	15,806.		15,806.	
9/1/2036	15,806.		15,806.	
12/1/2036	15,806.		15,806.	63,224.
3/1/2037	15,806.		15,806.	
6/1/2037	15,806.		15,806.	
9/1/2037	15,806.		15,806.	
12/1/2037	15,806.		15,806.	63,224.
3/1/2038	15,806.		15,806.	
6/1/2038	15,806.		15,806.	
9/1/2038	15,806.		15,806.	
12/1/2038	15,806.		15,806.	63,224.
3/1/2039	15,806.		15,806.	
6/1/2039	15,806.		15,806.	
9/1/2039	15,806.		15,806.	
12/1/2039	15,806.		15,806.	63,224.
3/1/2040	15,806.		15,806.	
6/1/2040	15,806.		15,806.	
9/1/2040	15,806.		15,806.	
12/1/2040	15,806.		15,806.	63,224.
3/1/2041	15,806.		15,806.	
6/1/2041	15,806.		15,806.	
9/1/2041	15,806.		15,806.	
12/1/2041	15,806.		15,806.	63,224.
3/1/2042	15,806.		15,806.	
6/1/2042	15,806.		15,806.	
9/1/2042	15,806.		15,806.	
12/1/2042	15,806.		15,806.	63,224.
3/1/2043	15,806.		15,806.	
6/1/2043	15,806.		15,806.	
9/1/2043	15,806.		15,806.	
12/1/2043	15,806.		15,806.	63,224.
3/1/2044	15,806.		15,806.	
6/1/2044	15,806.		15,806.	
9/1/2044	15,806.		15,806.	
12/1/2044	15,806.		15,806.	63,224.
3/1/2045	15,806.		15,806.	
6/1/2045	15,806.		15,806.	
9/1/2045	15,806.		15,806.	
12/1/2045	15,806.		15,806.	63,224.
3/1/2046	15,806.		15,806.	
6/1/2046	15,806.		15,806.	
9/1/2046	15,806.		15,806.	

BOND DEBT SERVICE

Friendly Public Service District

0% Interest Rate; 40 Years from Closing Date

Period Ending	Principal	Interest Debt Service	Annual Debt Service
12/1/2046	15,806.	15,806.	63,224.
3/1/2047	15,806.	15,806.	
6/1/2047	15,806.	15,806.	
9/1/2047	15,806.	15,806.	
12/1/2047	15,806.	15,806.	63,224.
3/1/2048	15,806.	15,806.	
6/1/2048	15,806.	15,806.	
9/1/2048	15,806.	15,806.	
12/1/2048	15,806.	15,806.	63,224.
	2,450,000.	**2,450,000.**	**2,450,000.**

SCHEDULE Z

None.

080096alj050608.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

5/26/2008

Entered: May 6, 2008

CASE NO. 08-0096-PWD-CN

FRIENDLY PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing water distribution system and for approval of the financing thereof.

RECOMMENDED DECISION

On January 28, 2008, Friendly Public Service District ("District"), by counsel John C. Stump, filed with the Public Service Commission ("Commission"), pursuant to W.Va. Code §§ 16-13A-25 and 24-2-11, an application for a certificate of convenience and necessity to construct additions and improvements to its existing water distribution system, consisting of construction of two wells, three water storage tanks, several connections, a booster station, and appurtenances, and the upgrading of a booster station. The District also requested approval of the financing and a rate increase.

Also on January 28, 2008, the Commission directed the District to publish a Notice of Filing, which provided that, if no protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On February 6, 2008, by Order, the Commission referred this matter to the Division of Administrative Law Judges for decision no later than August 25, 2008, if a timely protest was received, and no later than June 11, 2008, if no such protest was filed.

On February 14, 2008, the District, by counsel, filed an affidavit of publication establishing that the Notice of Filing had been published on February 6, 2008, in the Tyler Star News.

On February 29, 2008, Staff Attorney John Auville filed an Initial Joint Staff Memorandum, with an attached memorandum from Susan L. Brown, of the Water and Wastewater Division, and James Spurlock, of the Engineering Division, synopsizing the application.

On February 29, 2008, Mr. Auville filed discovery requests Staff was serving on the District.

On March 11, 2008, a protest was filed, objecting to the rate increase.

On April 7, 2008, the District, by counsel, responded, stating that it had intended to unify its four rate schedules in this matter, which would have resulted in raising the rates of some of its customers and lowering the rates of others, but, with the rate increases requested by the District in Case No. 07-2354-PWD-30B (pending before the Commission), the District has determined that no rate changes are necessary in this matter. The District therefore argued that, because the only protest in this matter was filed outside the thirty-day period and objected only to the originally proposed rate increase, which has been withdrawn, no hearing will be necessary. The District also contended that the requirement of Rule 10.3.d. of the Commission's Rules of Practice and Procedure that a utility individually notify its customers of any rate increase proposed as part of a certificate case no longer has any applicability in this matter. The District, therefore, requested an order stating that its application is unprotested.

On April 14, 2008, the undersigned issued a Procedural Order finding the District's orders to be correct and, therefore, declaring that the application was unprotested and the decision due date was June 11, 2008. Staff was ordered to file its final memorandum no later than April 28, 2008.

On April 28, 2008, Mr. Auville filed a Final Joint Staff Memorandum, with an attached memorandum from Mr. Spurlock and Ms. Brown, stating the following: The District operates four separate water systems. The District purchases water from three different sources for three of its systems, Friendly, Pursley/Route 180, and Pleasant Ridge; the water for the fourth system, Ben's Run, comes from two wells owned by the District. The project, which consists of construction of interconnections between the four systems, and the addition of two new wells (with 150 gallons per minute outputs), three new water storage tanks (two 105,000-gallon tanks and one 100,000-gallon tank), a booster station, and appurtenances, will improve water service for all of the District's customers by increasing the water capacity and will eliminate the need for the District to purchase water. Because of the elimination of purchased water costs, the project will decrease the District's annual operation and maintenance costs by $62,078. The project will also allow the District to provide extensions to new customers in the future. The project has been approved by the West Virginia Infrastructure and Jobs Development Council ("WVIJDC") and the project, estimated to cost $2,080,000, will be funded by a loan in that amount from WVIJDC, payable over forty years at 0% interest. The construction cost is estimated at $1,570,000. Permit Nos. 17,759 and 17,760 were issued on November 5, 2007, by the State of West Virginia Office of Environmental Health Services, for the wells and the rest of the project, respectively. Staff recommended that the application be granted and the project and its funding be approved.

FINDINGS OF FACT

1. On January 28, 2008, Friendly Public Service District filed with the Public Service Commission an application for a certificate of convenience and necessity to construct additions and improvements to its existing water distribution system. After the application was filed, the District determined that no rate changes were needed as part of this case. (See application; April 7, 2008 filing).

2. The Notice of Filing was published on February 6, 2008, in the Tyler Star News, and no protest was filed. (See February 14, 2008 filing; case file generally).

3. The District operates four separate water systems. The District purchases water from three different sources for three of its systems, Friendly, Pursley/Route 180, and Pleasant Ridge; the water for the fourth system, Ben's Run, comes from two wells owned by the District. The project consists of construction of interconnections between the four systems, and the addition of two new wells (with 150 gallons per minute outputs), three new water storage tanks (two 105,000-gallon tanks and one 100,000-gallon tank), a booster station, and other appurtenances. (See Final Joint Staff Memorandum filed April 28, 2008).

4. The project will improve water service for all of the District's customers by increasing the water capacity and will eliminate the need for the District to purchase water. Because of the elimination of purchased water costs, the project will decrease the District's annual operation and maintenance costs by $62,078. The project will also allow the District to provide extensions to new customers in the future. (See Final Joint Staff Memorandum).

5. The project has been approved by the West Virginia Infrastructure and Jobs Development Council. (See Final Joint Staff Memorandum).

6. The project is estimated to cost $2,080,000. The estimated total construction cost is $1,570,000. (See application; Final Joint Staff Memorandum).

7. The project will be funded by a loan in the amount of $2,080,000 from the West Virginia Infrastructure and Jobs Development Council, payable over forty years at 0% interest. The funding has been committed. (See application; Final Joint Staff Memorandum).

8. Permit Nos. 17,759 and 17,760 were issued on November 5, 2007, by the State of West Virginia Office of Environmental Health Services, for the wells and the rest of the project, respectively.

9. Finding the project and its costs to be reasonable, Staff recommended that the application be granted and the project be approved. Staff also recommended that the funding be approved.

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. It is appropriate to grant the application and to issue the certificate of convenience and necessity pursuant to W. Va. Code §§ 16-13A-25 and 24-2-11.

3. It is appropriate to approve the funding for the project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on January 28, 2008, by Friendly Public Service District, for a certificate of convenience and necessity to construct additions and improvements to its existing water distribution system, is granted.

IT IS FURTHER ORDERED that the proposed project funding, consisting of a $2,080,000 loan from the West Virginia Infrastructure and Jobs Development Council, at 0% interest for a term of 40 years, is approved.

IT IS FURTHER ORDERED that, if there is any change in the cost of the project, estimated at $2,080,000, that would affect rates, or in the scope, design or funding of the project, Friendly Public Service District file a petition with the Commission for approval of such revisions.

IT IS FURTHER ORDERED that Friendly Public Service District comply with all rules and regulations of the Division of Highways regarding the use of its rights-of-way.

IT IS FURTHER ORDERED that Friendly Public Service District submit a copy of the bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that Friendly Public Service District notify the Commission when its engineer has performed the substantial completion inspection.

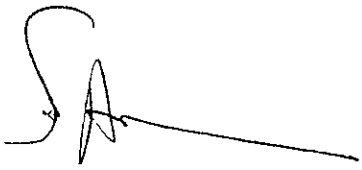
IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

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

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

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

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



Sunya Anderson
Administrative Law Judge

SA:s
080096aa.wpd

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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(304) 353-8181 - Fax
john.stump@steptoe-johnson.com

February 14, 2008

RECEIVED
08 FEB 14 PM 3:42
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Sandra Squire, Executive Secretary
Public Service Commission of West Virginia
201Brooks Street
Charleston, West Virginia 25301

Re: Affidavit of Publication
Friendly Public Service District
Case No. 08-0096-PWD-CN

Dear Ms. Squire:

Enclosed please find the original and twelve (12) copies of an Affidavit of Publication on February 6, 2008, in the Tyler Star News of the Notice of Filing with regard to the Friendly Public Service District's application for a certificate of convenience and necessity in the above-referenced matter.

Please file this document in your file and distribute the copies appropriately. I also ask that you date stamp the extra copy provided and return it with our messenger. If you have any questions, or if I can be of any other service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump
(WV State Bar #6385)

JCS/bsl
Enclosures
cc: Dan Probst, Chairman (w/o enclosures)
Robert Patterson, Manager (w/o enclosures)
Manning Frymier, P.E. (w/o enclosures)
Michael Griffith, CPA (w/o enclosures)

311200.00005

Clarksburg, WV • Charleston, WV • Morgantown, WV • Martinsburg, WV • Wheeling, WV
Huntington, WV • Columbus, OH

TERRALEX

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 28th day of January, 2008.

CASE No. 08-0096-PWD-CN

FRIENDLY PUBLIC SERVICE DISTRICT
Friendly, WV 26146

Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing water distribution system and for approval of the financing thereof.

NOTICE OF FILING

WHEREAS, on January 28, 2008, the Friendly Public Service District (the "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, Charleston, West Virginia.

WHEREAS, the District estimates that construction will cost approximately $2,080,000.00. It is proposed that the construction will be financed by a loan from the West Virginia Infrastructure and Jobs Development Council.

The District proposes improvements to the existing water system which involves construction of two additional wells of 150 gpm output, a 105,000 gallon water storage tank to connect customers currently served by Sistersville, upgrade of Cow Hollow booster station to 140 gpm, connection of Friendly to Ben's Run, Pursley to Pleasant Ridge connection to serve customers currently served by the Town of Middlebourne, 30 gpm booster station, Pursley to Route 180 connection and 100M gallon storage tank at Elk Fork, a 97 M gallon storage tank at Smith Ridge, a 105 M gallon tank at Davenport, telemetry and appurtenances relating thereto (the "Project").

WHEREAS, the District anticipates charging the following water rates for its customers:

APPLICABILITY
Applicable in the entire territory serviced.

AVAILABILITY
Available for residential, commercial, industrial and for resale water service.

RATES (customers with metered water supply)
First
3,000 gallons used per month
$10.00 per 1,000 gallons
Next
7,000 gallons used per month
$9.00 per 1,000 gallons
Next
10,000 gallons used per month
$8.00 per 1,000 gallons

TYLER STAR NEWS

Sistersville, WV ...February 6..., 2008

State of West Virginia, County of Tyler:

Personally appeared before the undersigned, a Notary Public, Brian Clutter 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...one.....successive weeks in the Tyler Star News, beginning on the ...6th....day of ...February.., 2008 and ending on the...6th....day of ...February.., 2008.

Brian A Clutter
Manager, Tyler Star News

Subscribed and sworn to before me, a Notary Public of said County, on this ...6th..... day of ...February, 2008.

Diann S. Wright ..... Notary Public

My commission expires on the 4th day of January, 2016.

Printers Fee.....

NOTARY PUBLIC
STATE OF WEST VIRGINIA
DIANN S. WRIGHT
215 South 2nd Avenue
Paden City, West Virginia 26159
My Commission Expires Jan. 4, 2016

Next
80,000 gallons used per month
$7.00 per 1,000 gallons
All over
50,000 gallons used per month
$6.00 per 1,000 gallons

MINIMUM BILL
Each customer shall pay a minimum charge of $30.00 per month (Equivalent to 3,000 gallons of water usage per month)

EQUIVALENT GALLONS

5/8 inch meter	
$30.00 per month	3,000
3/4 inch meter	
$45.00 per month	4,667
1 inch meter	
$75.00 per month	8,000
1-1/4 inch meter	
$109.50 per month	12,063
1-1/2 inch meter	
$150.00 per month	17,125
2 inch meter	
$240.00 per month	29,571
3 inch meter	
$450.00 per month	61,167
4 inch meter	
$750.00 per month	111,167
6 inch meter	
$1,500.00 per month	236,167
8 inch meter	
$2,400.00 per month	386,167

FLAT RATE CHARGE
(customers with non-metered water supply) $43.50
Each customer shall pay a minimum charge of $43.50 per month (Equivalent to 4,500 gallons of water usage)

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 $350.00
The following charges are to be made whenever the District installs a new tap to serve an applicant.

A tap fee of $100.00 will be charged to customers applying for services 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 $350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE
$25.00
A service charge of $25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank for any reason.

WATER DISCONNECT RECONNECT ADMINISTRATIVE FEES $25.00

Whenever water service has been disconnected for any reason, a disconnection fee of $25.00 shall be charged or in the event the delinquent water bill is collected in the field, an administrative fee of $25.00 shall be charged. Whenever water service which has previously been disconnected for any reason is reconnected, a reconnection fee of $25.00 shall be charged.

LEAK ADJUSTMENT

An amount of $3.00 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 use.

EFT CREDIT CARD and DROP BOX PAYMENTS

A service charge will be imposed on EFT, Credit Card or Drop Box payments; the amount shall be equal to the actual charges to the District from the financial institution for processing the payment.

TAX SCHEDULE

The District is required to collect a utility tax pursuant to West Virginia Code Section 8-13-5a. Customers receiving water service within the corporate limits of the specified District shall pay a surcharge tax at the following rate:

Municipality 1% Utility Excise Tax
Friendly 2% Local Tax Rate

The increases shown are based on average of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and surcharges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

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 requests to intervene should briefly state the reason for the protest or intervention.

Requests 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.

Sandra Squire
Executive Secretary
ISN 134
2-6

051811alj061506.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 15, 2006

FINAL
7-5-06

CASE NO. 05-1811-PWD-30B

FRIENDLY PUBLIC SERVICE DISTRICT
Tariff Rule 30B application to increase water rates.

and

CASE NO. 06-0264-W-C

FRIENDLY PUBLIC SERVICE DISTRICT
a public utility
Complaint,

v.

CITY OF SISTERSVILLE,
a municipal utility
Defendant.

RECOMMENDED DECISION

On December 28, 2005, the Friendly Public Service District (PSD) filed a Rule 30B application to pass through increased costs of purchased water from the City of Sistersville (City). The PSD also filed a complaint against the City related to the increase.

On January 26, 2006, Staff recommended interim rates for the PSD in the 30B proceeding which could be used while Staff investigated the PSD's complaint.

On February 14, 2006, the Commission implemented the interim rates for the PSD subject to refund. The Commission consolidated the two proceedings and referred them for a recommended decision to be issued on or before August 30, 2006.

On May 26, 2006, Staff filed its recommendation. Staff noted that the City has experienced a dramatic increase in its unaccounted for water rate (UAW). In 2005, the City's UAW was 50%. Staff believes that the UAW expenses can and should be controlled by the City. Staff recommended that the City undertake an extensive leak evaluation program and consider a new rate ordinance to generate funds targeted at repairing

Public Service Commission
of West Virginia
Charleston

broken lines. Staff suggested expanding the scope of the repairs contemplated under the City's pending Infrastructure Council application. Staff recommended that the City either borrow money through the Water Development Authority or a local lending institution to work on line replacement. Staff recommended that the City be required to implement a leak detection and line replacement program within four months. Staff further recommended that the City be required to file monthly reports outlining its progress at reducing its UAW. Staff indicated that, if there is no significant improvement of the UAW problem, the Commission should initiate a general investigation into the City's practices and allow Staff to conduct a class cost of service study. Staff further recommended that the interim rate for the PSD be made a final rate.

By Procedural Order issued May 21, 2006, all parties were given ten days to object to the Staff recommendation. The parties were put on notice that, if no party filed an objection, the Staff recommendation would be used as the basis for the Recommended Decision.

No party filed an objection to the Staff recommendation.

FINDINGS OF FACT

1. On December 28, 2005, the PSD filed a complaint against the City related to an increase in its rates and also filed a Rule 30B application to pass through the increased cost of purchased water to its own customers. (See filing of December 28, 2005).

2. On February 14, 2006, the Commission implemented interim rates for the PSD. The interim rates increased the PSD's rates for its customers 68 cents per thousand gallons of metered water use and modified the PSD's leak adjustment rate. (See Commission Order of February 14, 2006).

3. On May 26, 2006, Staff recommended that the interim rate be approved as the final rate and recommended various steps to be taken by the City to reduce its UAW. (See Staff recommendation).

4. By Procedural Ordered issued May 31, 2006, all parties were given ten days to object to the Staff recommendation and put on notice that, if no objections were filed, the Staff recommendation would be used as the basis for the Recommended Decision. (See Procedural Order issued May 31, 2006).

5. No objections were filed. (See file generally).

6. The City's UAW increased from 19.57% in 1999 to 50% in 2005. (See Staff recommendation filed May 26, 2006).

7. Staff calculates the cost of lost water to the City to be approximately $192,000 per year. (Id.).

Public Service Commission
of West Virginia
Charleston

8. Staff recommended that the City undertake an intensive leak evaluation program and make necessary system repairs to reduce its UAW to within Commission guidelines. (Id.).

9. Staff recommended that the leak detection program be implemented within four months and that the City be required to file monthly reports with the Commission regarding progress in reducing its UAW. (Id.).

10. Staff recommended that the City be put on notice that, if it is unable to meaningfully reduce its UAW, the Staff will petition the Commission for a general investigation of the City's water utility and may develop rates that remove excessive UAW costs from the resale customer. (Id.).

11. Staff recommended that the City begin working on a way to fund line repair and replacement efforts needed to address the UAW problem, including the possibility of a new rate ordinance and/or borrowing the necessary money. (Id.).

CONCLUSION OF LAW

The Staff recommendations are reasonable, were not objected to by any party, and should be used as the basis for the Recommended Decision.

ORDER

IT IS, THEREFORE, ORDERED that the interim rates approved by the Commission Order of February 14, 2006, for the Friendly Public Service District are hereby approved as the final rates for the PSD for this proceeding.

IT IS FURTHER ORDERED that the City of Sistersville undertake an intensive leak evaluation program and make necessary system repairs to reduce its unaccounted for water rate to within Commission guidelines. The program shall be implemented within four months of the date of this Order. The City shall file monthly reports to the Commission outlining its progress in reducing its UAW. These reports shall continued to be filed until the City's UAW falls within the Commission's guidelines for three consecutive months or until further Commission Order. The City is hereby put on notice that, if it is unable to meaningfully address its UAW problem, Staff may petition the Commission for a general investigation of the City's water utility and may develop rates that remove excessive UAW costs from the resale class.

IT IS FURTHER ORDERED that the City of Sistersville begin working on a way to fund line repair and replacement efforts needed to address its UAW problem.

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

Public Service Commission
of West Virginia
Charleston

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

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

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

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

K. A. George

Keith A. George
Administrative Law Judge

KAG:lc
051811aa.wpd

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UTILITIES DIVISION
SPECIAL STUDIES SECTION

2006 JUL 13 AM 9:01

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OF WEST VIRGINIA

Public Service Commission
of W. VA. Tariff Office
JUL 13 2006
Special Studies Section

P.S.C. W. Va. No. 13
Canceling P.S.C. W. Va. No. 12

FRIENDLY PUBLIC SERVICE DISTRICT, a public utility

OF

FRIENDLY, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Friendly and vicinity in Union Magisterial District including (Pursley) Smith Ridge, Pleasant Ridge and Route 180 extension, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

RECEIVED
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W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Issued July 6, 2006 Effective for bills rendered on and after February 14, 2006

Issued by authority of an Order of the
Public Service Commission of West Virginia
in Case No. 05-1811-PWD-30B final
July 5, 2006

Issued by Friendly Public Service District, a public utility

By [signature]

Manager
Title

RULES AND REGULATIONS

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

II. SPECIAL TERMS AND CONDITIONS

Meters will be read on quarterly intervals and bills rendered monthly. The first two (2) bills shall be minimum bills. The third bill shall be computed from the meter reading and reflect credit for the two (2) previous payments. In computing the third bill the quantity of water in each block of the rate shall be multiplied by 3.

Customers having meters 1-inch and larger shall be read and billed monthly.

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SCHEDULE NO. 1

APPLICABILITY

Applicable within entire territory served except the Route 180 Extension area, Pursley-Smith Ridge System and Pleasant Ridge Extension

AVAILABILITY

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

RATES

First	10,000 gallons used per month	$7.60 per 1,000 gallons
All Over	10,000 gallons used per month	$7.16 per 1,000 gallons

MINIMUM CHARGE

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

5/8 inch meter	$ 13.16 per month
3/4 inch meter	$ 19.74 per month
1 inch meter	$ 32.90 per month
1 - 1/4 inch meter	$ 48.04 per month
1 - 1/2 inch meter	$ 65.80 per month
2 inch meter	$ 105.28 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	$ 1,052.80 per month

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SECRETARIES OFFICE

The above minimum charge is subject to an additional $1.02 per 1,000 gallons of water used per month.

SCHEDULE NO. 1 (Continued)

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 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

$2.92 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be contributed 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.

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COMMISSION
SECRETARY'S OFFICE

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 gallons used per month	$10.48 per 1,000 gallons
Next	7,000 gallons used per month	$ 8.83 per 1,000 gallons
Next	10,000 gallons used per month	$ 7.25 per 1,000 gallons
Next	30,000 gallons used per month	$ 4.65 per 1,000 gallons
All Over	50,000 gallons used per month	$ 4.27 per 1,000 gallons

MINIMUM CHARGE

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

5/8 inch meter	$ 28.38 per month
3/4 inch meter	$ 42.57 per month
1 inch meter	$ 70.95 per month
1 - 1/2 inch meter	$141.90 per month
2 inch meter	$227.04 per month
3 inch meter	$425.70 per month
4 inch meter	$709.50 per month

The above minimum charge is subject to an additional $1.02 per 1,000 gallons of water used per month.

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REGULATORY OFFICE

SCHEDULE NO. 3

APPLICABILITY

Applicable within the Pleasant Ridge Extension

AVAILABILITY

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

RATES (customers with metered water supply)

First	3,000 gallons used per month	$15.97 per 1,000 gallons
Next	7,000 gallons used per month	$13.77 per 1,000 gallons
Next	10,000 gallons used per month	$11.52 per 1,000 gallons
All Over	20,000 gallons used per month	$ 5.52 per 1,000 gallons

MINIMUM CHARGE

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

5/8 inch meter	$ 44.85 per month
3/4 inch meter	$ 67.28 per month
1 inch meter	$ 112.13 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 $1.02 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.

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W.Va. Public Service Commission
Secretary's Office

SCHEDULE NO. 3 (Continued)

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.

LEAK ADJUSTMENT

$2.92 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.

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SECRETARY'S OFFICE

SCHEDULE NO. 4

APPLICABILITY

Applicable to the Route 180 Extension

AVAILABILITY

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

RATES

First	3,000 gallons used per month	$14.36 per 1,000 gallons
Next	7,000 gallons used per month	$11.97 per 1,000 gallons
Next	10,000 gallons used per month	$ 9.57 per 1,000 gallons
Next	30,000 gallons used per month	$ 5.76 per 1,000 gallons
All Over	50,000 gallons used per month	$ 5.16 per 1,000 gallons

MINIMUM CHARGE

No minimum 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	$ 320.16 per month
3 inch meter	$ 600.30 per month
4 inch meter	$ 1,000.05 per month

The above minimum charge is subject to an additional $1.02 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.

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COMMISSION
SECRETARY'S OFFICE

SCHEDULE NO. 4 (Continued)

TAP FEE

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

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

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

RECONNECTION ($20.00)

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

LEAK ADJUSTMENT

$2.92 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.

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PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

Case No.: 08-0096-PWD-CN

FRIENDLY PUBLIC SERVICE DISTRICT,
TYLER COUNTY, WEST VIRGINIA

Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing water distribution system; and for approval of the financing thereof

STATE OF WEST VIRGINIA

COUNTY OF LINCOLN, TO-WIT:

AFFIDAVIT

I, Michael D. Griffith, CPA, after making an oath of affirmation to tell the truth, say that I have reviewed the Recommended Decision of the Public Service Commission of West Virginia in Case No. 08-0096-PWD-CN, dated May 6, 2008, and the proposed debt service for Friendly Public Service District (the "District") Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) proposed to be issued in the aggregate principal amount of approximately $2,080,000 at a 0% interest rate over 40 years (the "Bonds"), and based upon all the information that has been provided to me to date, I am of the opinion that the rates and charges for the District (i) are not affected by an additional $370,000 loan committed by the West Virginia Infrastructure Fund at an interest rate of 0% and a term of 40 years to cover the costs of a bid overrun for a revised total project cost of $2,450,000; and (ii) will be sufficient to provide revenues which, together with other revenues of the System, will allow me to provide the CPA certification required for the issuance of the Bonds.

This Affidavit is executed on the 11TH day of November, 2008.

Michael D. Griffith., CPA

Taken, subscribed and sworn to before me this 11TH day of November, 2008.

My commission expires April 26, 2014.

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DREAMA KINGREY
GRIFFITH & ASSOCIATES
950 LITTLE COAL RIVER ROAD
ALUM CREEK, WV 25003
My commission expires April 26, 2014

Dreama Kingrey
Notary Public

WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Barbara J. Pauley
Administrative Secretary

November 13, 2008

Danny Probst, Chairman
Friendly PSD
P.O. Box 138
Friendly, WV 26146

Re: Friendly Public Service District
2006W-927 Revised Binding Commitment
(Action Required by December 31, 2008)

Dear Mr. Probst:

As a result of bids and under the terms of the previous commitment the West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) provides this revised binding offer of an additional Infrastructure Fund loan of $370,000 (Loan) to the Friendly Public Service District (District) for the above referenced water project (Project). The additional Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference.

All other conditions of the September 17, 2007 binding commitment remain in effect. A revised Schedule A is enclosed.

If the District has any questions regarding this commitment, please contact the Council at the above-referenced telephone number.

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Bob DeCrease, P.E., BPH (w/o enclosure) (via e-mail)
Manning Frymier, P.E., Cerrone Associates, Inc.
John Stump, Steptoe & Johnson
Region 5-Mid-Ohio Valley Regional Council

300 Summers Street, Suite 980 • Charleston, WV 25301 • Phone (304) 558-4607 • Fax (304) 558-4609

www.wvinfrastructure.com

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

Friendly Public Service District

By: _____

Its: _____

Date: _____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Friendly PSD
Water Project 2006W-927
November 13, 2008

SCHEDULE A

A. Approximate Amount:

$ 2,080,000	Loan
370,000	Additional Loan
$ 2,450,000	Total

B. Loan: $ 2,450,000

1. Maturity Date: 40 years from date of closing.
2. Interest Rate: 0%
3. Loan Advancement Date(s): Monthly, upon receipt of proper requisition.
4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

C. Other Funding: None

D. Total Project Cost: $ 2,450,000

E. Proposed User Rates: Approximately $47.37 / 4000 gallons

West Virginia Infrastructure & Jobs Development Council

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McComas
Prichard
Ron Justice
Morgantown

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

September 17, 2007

Dan Probst, Chairman
Friendly Public Service District
P.O. Box 138
Friendly, West Virginia 26146

Re: Binding Commitment Letter
Water Project
Project 2006W-927

Dear Mr. Probst:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan (0%, 40 years) of approximately $2,080,000 (the "Loan") to the Friendly Public Service District (the "District") for above referenced water project (the "Project"). The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the District's compliance with the program requirements.

This commitment is contingent upon the Project meeting the following schedule:

a. Submit Plans and Specification to the Bureau for Public Health for approval no later than October 15, 2007;
b. File Certificate Case with the Public Service Commission no later than December 1, 2007;
c. Advertise for bids no later than June 1, 2008
(The District must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the District to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The Water Development Authority (the "Authority"), on behalf of the Infrastructure Council, will enter into Loan agreement with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction and financing of the Project, evidence of all permits; evidence of acceptable bids; evidence of compliance with the WV Jobs Act; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person or member of the Infrastructure Council or Authority shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the District has any questions regarding this commitment, please contact Jeff Brady at the above-referenced telephone number.

Sincerely,

Kenneth Lowe, Jr.

Attachments
cc: John Stump, Steptoe & Johnson
Michael Griffith
[redacted]

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

Friendly Public Service District

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Friendly Public Service District
Water Project 2006W-927
September 17, 2007

SCHEDULE A

A.	Approximate Amount: $2,080,000		Loan
B.	Loan:		$2,080,000
	1.	Maturity Date:	40 years from date of closing.
	2.	Interest Rate:	0%
	3.	Loan Advancement Date(s)	Monthly, upon receipt of proper requisition
	4.	Debt Service Commencement:	The first quarter following completion of construction, which date must be identified prior to closing.
	5.	Special Conditions:	None
C.	Total Project Cost:		$2,080,000

PROJECT SCHEDULE

Project: Friendly Public Service District
County: Tyler
Project No.: 2006W-927
Date: September 6, 2007

Funding:
IJDC Loan $2,080,000

Total Project: $2,080,000

Project Milestone	Responsible Party	Date	Completion
Engineering Agreement	PSD / Cerrone	Complete	Complete
Prepare & Submit Plans & Specs to BPH	Cerrone	6/15/2007	10/15/2007
Plans & Specs Review & Approval	BPH	10/15/2007	11/15/2007
Prepare & Submit All Permit Applications	Cerrone	10/15/2007	11/15/2007
Prepare Rule 42	M. Griffith	10/1/2007	11/15/2007
Prepare & Implement Rate Ordinance	NA	NA	NA
File PSC Certificate Case	Steptoe & Johnson	12/1/2007	12/1/2007
Review and Approve PSC Certificate (180 or 270 days)	PSC	12/1/2007	9/1/2008
Rights-of-way, Easements & Land Acquisition	D. Rohrig	9/15/2007	2/1/2008
Authority to Advertise for Bids	IJDC	6/1/2008	6/1/2008
Advertise for Bids	Cerrone	6/1/2008	7/1/2008
Bid Opening	Cerrone	7/1/2008	7/1/2008
Loan Closing	Steptoe & Johnson	10/1/2008	10/1/2008
Construction	Construction	10/1/2008	4/1/2009

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 4th day of December, 2008, 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 2008 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $2,450,000, numbered AR-1 (the "Series 2008 A Bonds"), issued as a single, fully registered Bond, and dated December 4, 2008.

2. At the time of such receipt, all the Series 2008 A Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2008 A Bonds, of $214,355, being a portion of the principal amount of the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 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.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Barbara B Meadows
Its: Authorized Representative

FRIENDLY PUBLIC SERVICE DISTRICT

By: Arthur W. Mason
Its: Chairman

11.11.08
311200.00004

CH4951851.1

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 4th day of December, 2008, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Friendly Public Service District Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), in the principal amount of $2,450,000 (the "Series 2008 A Bonds"), dated December 4, 2008 (collectively, the "Bonds"), 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 November 17, 2008, and a Supplemental Resolution duly adopted by the Issuer on November 17, 2008 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a loan agreement for the Series 2008 A Bonds, dated December 4, 2008, 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"); and

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

You are hereby requested and authorized to deliver the Series 2008 A Bonds to the Authority upon payment to the Issuer of the sum of $214,355, representing a portion of the principal amount of the Series 2008 A Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

FRIENDLY PUBLIC SERVICE DISTRICT

By: Arthur W. Mason
Its: Chairman

11.11.08
311200.00004

CH4951853.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FRIENDLY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $2,450,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 4th day of December, 2008, 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 TWO MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS ($2,450,000), 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 June 1, 2010, to and including December 1, 2048, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated December 4, 2008.

This Bond is issued (i) to pay the Issuer's Waterworks System Design Revenue Bonds, Series 2007 A (the "Series 2007 A Bonds"); (ii) to pay the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system 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"), and a Bond Resolution duly adopted by the Issuer on November 17, 2008, and a Supplemental Resolution duly adopted by the Issuer on November 17, 2008 (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 OTHER RESPECTS, WITH (1) WATER REVENUE BONDS, SERIES 1994 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 22, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $360,000; (2) WATER REVENUE BONDS, SERIES 1994 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 3, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $77,000; (3) WATER REVENUE BONDS, SERIES 1997 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000; (4) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000; AND (5) WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $40,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 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 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, 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, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

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

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 4, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $ 214,355	December 4, 2008	(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

BOND DEBT SERVICE
Friendly Public Service District
$2,450,000
0% Interest Rate; 40 Years from Closing Date

Dated Date	12/4/2008
Delivery Date	12/4/2008

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
6/1/2010	15,807.		15,807.	
9/1/2010	15,807.		15,807.	
12/1/2010	15,807.		15,807.	47,421.
3/1/2011	15,807.		15,807.	
6/1/2011	15,807.		15,807.	
9/1/2011	15,807.		15,807.	
12/1/2011	15,807.		15,807.	63,228.
3/1/2012	15,807.		15,807.	
6/1/2012	15,807.		15,807.	
9/1/2012	15,807.		15,807.	
12/1/2012	15,807.		15,807.	63,228.
3/1/2013	15,807.		15,807.	
6/1/2013	15,807.		15,807.	
9/1/2013	15,807.		15,807.	
12/1/2013	15,807.		15,807.	63,228.
3/1/2014	15,807.		15,807.	
6/1/2014	15,807.		15,807.	
9/1/2014	15,807.		15,807.	
12/1/2014	15,807.		15,807.	63,228.
3/1/2015	15,807.		15,807.	
6/1/2015	15,807.		15,807.	
9/1/2015	15,807.		15,807.	
12/1/2015	15,807.		15,807.	63,228.
3/1/2016	15,807.		15,807.	
6/1/2016	15,807.		15,807.	
9/1/2016	15,807.		15,807.	
12/1/2016	15,807.		15,807.	63,228.
3/1/2017	15,807.		15,807.	
6/1/2017	15,807.		15,807.	
9/1/2017	15,807.		15,807.	
12/1/2017	15,807.		15,807.	63,228.
3/1/2018	15,807.		15,807.	
6/1/2018	15,807.		15,807.	
9/1/2018	15,807.		15,807.	
12/1/2018	15,807.		15,807.	63,228.
3/1/2019	15,807.		15,807.	
6/1/2019	15,807.		15,807.	
9/1/2019	15,807.		15,807.	
12/1/2019	15,807.		15,807.	63,228.
3/1/2020	15,807.		15,807.	
6/1/2020	15,807.		15,807.	
9/1/2020	15,807.		15,807.	
12/1/2020	15,807.		15,807.	63,228.
3/1/2021	15,807.		15,807.	
6/1/2021	15,807.		15,807.	
9/1/2021	15,807.		15,807.	

BOND DEBT SERVICE

Friendly Public Service District

0% Interest Rate; 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
12/1/2021	15,807.		15,807.	63,228.
3/1/2022	15,807.		15,807.	
6/1/2022	15,807.		15,807.	
9/1/2022	15,807.		15,807.	
12/1/2022	15,807.		15,807.	63,228.
3/1/2023	15,807.		15,807.	
6/1/2023	15,807.		15,807.	
9/1/2023	15,807.		15,807.	
12/1/2023	15,807.		15,807.	63,228.
3/1/2024	15,807.		15,807.	
6/1/2024	15,807.		15,807.	
9/1/2024	15,807.		15,807.	
12/1/2024	15,807.		15,807.	63,228.
3/1/2025	15,807.		15,807.	
6/1/2025	15,807.		15,807.	
9/1/2025	15,807.		15,807.	
12/1/2025	15,807.		15,807.	63,228.
3/1/2026	15,807.		15,807.	
6/1/2026	15,807.		15,807.	
9/1/2026	15,807.		15,807.	
12/1/2026	15,807.		15,807.	63,228.
3/1/2027	15,807.		15,807.	
6/1/2027	15,807.		15,807.	
9/1/2027	15,807.		15,807.	
12/1/2027	15,806.		15,806.	63,227.
3/1/2028	15,806.		15,806.	
6/1/2028	15,806.		15,806.	
9/1/2028	15,806.		15,806.	
12/1/2028	15,806.		15,806.	63,224.
3/1/2029	15,806.		15,806.	
6/1/2029	15,806.		15,806.	
9/1/2029	15,806.		15,806.	
12/1/2029	15,806.		15,806.	63,224.
3/1/2030	15,806.		15,806.	
6/1/2030	15,806.		15,806.	
9/1/2030	15,806.		15,806.	
12/1/2030	15,806.		15,806.	63,224.
3/1/2031	15,806.		15,806.	
6/1/2031	15,806.		15,806.	
9/1/2031	15,806.		15,806.	
12/1/2031	15,806.		15,806.	63,224.
3/1/2032	15,806.		15,806.	
6/1/2032	15,806.		15,806.	
9/1/2032	15,806.		15,806.	
12/1/2032	15,806.		15,806.	63,224.
3/1/2033	15,806.		15,806.	
6/1/2033	15,806.		15,806.	
9/1/2033	15,806.		15,806.	
12/1/2033	15,806.		15,806.	63,224.
3/1/2034	15,806.		15,806.	

BOND DEBT SERVICE

Friendly Public Service District

0% Interest Rate; 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
6/1/2034	15,806.		15,806.	
9/1/2034	15,806.		15,806.	
12/1/2034	15,806.		15,806.	63,224.
3/1/2035	15,806.		15,806.	
6/1/2035	15,806.		15,806.	
9/1/2035	15,806.		15,806.	
12/1/2035	15,806.		15,806.	63,224.
3/1/2036	15,806.		15,806.	
6/1/2036	15,806.		15,806.	
9/1/2036	15,806.		15,806.	
12/1/2036	15,806.		15,806.	63,224.
3/1/2037	15,806.		15,806.	
6/1/2037	15,806.		15,806.	
9/1/2037	15,806.		15,806.	
12/1/2037	15,806.		15,806.	63,224.
3/1/2038	15,806.		15,806.	
6/1/2038	15,806.		15,806.	
9/1/2038	15,806.		15,806.	
12/1/2038	15,806.		15,806.	63,224.
3/1/2039	15,806.		15,806.	
6/1/2039	15,806.		15,806.	
9/1/2039	15,806.		15,806.	
12/1/2039	15,806.		15,806.	63,224.
3/1/2040	15,806.		15,806.	
6/1/2040	15,806.		15,806.	
9/1/2040	15,806.		15,806.	
12/1/2040	15,806.		15,806.	63,224.
3/1/2041	15,806.		15,806.	
6/1/2041	15,806.		15,806.	
9/1/2041	15,806.		15,806.	
12/1/2041	15,806.		15,806.	63,224.
3/1/2042	15,806.		15,806.	
6/1/2042	15,806.		15,806.	
9/1/2042	15,806.		15,806.	
12/1/2042	15,806.		15,806.	63,224.
3/1/2043	15,806.		15,806.	
6/1/2043	15,806.		15,806.	
9/1/2043	15,806.		15,806.	
12/1/2043	15,806.		15,806.	63,224.
3/1/2044	15,806.		15,806.	
6/1/2044	15,806.		15,806.	
9/1/2044	15,806.		15,806.	
12/1/2044	15,806.		15,806.	63,224.
3/1/2045	15,806.		15,806.	
6/1/2045	15,806.		15,806.	
9/1/2045	15,806.		15,806.	
12/1/2045	15,806.		15,806.	63,224.
3/1/2046	15,806.		15,806.	
6/1/2046	15,806.		15,806.	
9/1/2046	15,806.		15,806.	

BOND DEBT SERVICE

Friendly Public Service District

0% Interest Rate; 40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
12/1/2046	15,806.		15,806.	63,224.
3/1/2047	15,806.		15,806.	
6/1/2047	15,806.		15,806.	
9/1/2047	15,806.		15,806.	
12/1/2047	15,806.		15,806.	63,224.
3/1/2048	15,806.		15,806.	
6/1/2048	15,806.		15,806.	
9/1/2048	15,806.		15,806.	
12/1/2048	15,806.		15,806.	63,224.
	2,450,000.		**2,450,000.**	**2,450,000.**

(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:

_____

SPECIMEN

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

December 4, 2008

Friendly Public Service District
Water Revenue Bonds, Series 2008 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 $2,450,000 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated December 4, 2008, 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 June 1, 2010, to and including December 1, 2048, 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 the Issuer's Waterworks System Design Revenue Bonds, Series 2007 A (the "Series 2007 A Bonds"); (ii) paying the costs of acquisition

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and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on November 17, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 17, 2008 (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 referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (1) Water Revenue Bonds, Series 1994 A (United States Department of Agriculture), dated June 22, 1994, issued in the original aggregate principal amount of $360,000; (2) Water Revenue Bonds, Series 1994 B (United States Department of Agriculture), dated November 3, 1994, issued in the original aggregate principal amount of $77,000; (3) Water Revenue Bonds, Series 1997 (United States Department of Agriculture), dated June 11, 1997, issued in the original aggregate principal amount of $500,000; (4) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $300,000; and (5) Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated

March 11, 2005, issued in the original aggregate principal amount of $40,000 (collectively, the "Prior Bonds"), 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 the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

11.11.08
311200.00004

FREDERICK M. DEAN ROHRIG
ATTORNEY AT LAW

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December 4, 2008

Friendly Public Service District
Water Revenue Bonds, Series 2008 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

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Friendly Public Service District, a public service district, in Tyler and Wetzel Counties, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2008 A Bonds dated December 4, 2008, 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"), the Bond Resolution duly adopted by the Issuer on November 17, 2008, as supplemented by the Supplemental Resolution duly adopted by the Issuer on November 17, 2008 (collectively, the "Bond Legislation"), orders of The County Commission of Tyler County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

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 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 of 1931, as amended, and has duly complied with the provisions thereof.

7. 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 acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

8. Prior to the execution of construction contracts by the Issuer, I will verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and I will verify such insurance policies and bonds for accuracy. Prior to the execution of construction contracts by the Issuer, I will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and verify that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreements; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

DEAN ROHRIG, ESQUIRE

11.06.08
311200.00004

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Writer's Contact Information

December 4, 2008

Friendly Public Service District
Water Revenue Bonds Series 2008 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

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are special counsel to Friendly Public Service District, a public service district in Tyler and Wetzel Counties, West Virginia (the "Issuer"). As such counsel, we have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from The County Commission of Tyler County, the Bureau for Public Health, the Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia dated May 5, 2008, which became Final Order on May 25, 2008, in Case No. 08-0096-PWD-CN,

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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 for the System. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Order remains in full force and effect.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

11.11.08
311200.00004

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December 8, 2008

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

RE: **Supplemental Final Title Opinion for the Friendly Public Service District**

Ladies and Gentlemen:

This letter is intended to supplement and modify item 4 of my Final Title Opinion dated December 4, 2008, as follows:

4. That 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 District has acquired legal title or such other estate or interest in the necessary site components for the Project, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed, except and subject to the following:

NONE

This modification is a result of the signing and recording of a right of way agreement by Michael Leek and Terri Leek eliminating the necessity of eminent domain proceedings against them.

Very truly yours,

FREDERICK M. DEAN ROHRIG, ESQ.

FREDERICK M. DEAN ROHRIG
ATTORNEY AT LAW

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December 4, 2008

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

RE: Final Title Opinion for the Friendly Public Service District

Ladies and Gentlemen:

I am counsel to the Friendly Public Service District (the "District") with regard to a proposed project to expand and improve their existing water distribution system in Tyler County, together with all appurtenant facilities (the "Project"), and provide this final title opinion on behalf of the District to satisfy the requirements of the West Virginia Infrastructure and Jobs Development council (the "Council"), with regard to the financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the Friendly Public Service District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.

2. That the District has obtained approval for all necessary permits and approvals for the construction of the Project.

3. That I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements, and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Cerrone Associates, Inc., the consulting engineers for the Project.

4. That 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 District has acquired legal title or such other estate or interest in the necessary site components for the Project, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed, except and subject to the following:

The following listed properties are being 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 District a right-of-entry for the purpose of construction, operation and maintenance of the subject facilities on the subject properties. The District's title thereto is defeasible in the event the District 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:

Name	Description	Tax Map	Parcel
Michael Leek and Terri Leek	Easement 1-02-02, Union District	1	40

5. That all deeds or other documents which have been acquired to date by the District have been duly recorded in the Office of the Clerk of the County Commission of Tyler County in order to protect the legal title to and interest of the District.

Very truly yours,

FREDERICK M. DEAN ROHRIG, ESQ.

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDERS
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF PSC FILING
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. COMPLIANCE WITH WEST VIRGINIA JOBS ACT
20. VERIFICATION OF SCHEDULE
21. 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 4th day of December, 2008, in connection with the Issuer's Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated the date hereof (collectively, the "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 November 17, 2008, and the Supplemental Resolution duly adopted November 17, 2008 (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 or construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of

the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys 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 has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

The issuer has temporarily financed the design and other preliminary costs of the Project by the issuance of the Waterworks System Design Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated September 13, 2007 issued in the original aggregate principal amount of $68,229 (the "Series 2007 A Bonds"). The Series 2007 A Bonds are to be paid in full with proceeds of the Series 2008 A Bonds.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds as to liens, pledge and source of and security for payment, being the (1) Water Revenue Bonds, Series 1994 A (United States Department of Agriculture), dated June 22, 1994, issued in the original aggregate principal amount of $360,000; (2) Water Revenue Bonds, Series 1994 B (United States Department of Agriculture), dated November 3, 1994, issued in the original aggregate principal amount of $77,000; (3) Water Revenue Bonds, Series 1997 (United States Department of Agriculture), dated June 11, 1997, issued in the original aggregate principal amount of $500,000; (4) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $300,000; and (5) Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated March 11, 2005, issued in the original aggregate principal amount of $40,000 (collectively, the "Prior Bonds").

The Series 2008 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. Following the payment of the series 2007 A Bonds, other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior

Resolutions. The Series 2007 A Bonds are to be paid in full with proceeds of the Series 2008 A Bonds.

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 2008 A Bond Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating, Enlarging the Boundaries of, and Merging other Districts into, the District and Public Service Commission Order relating thereto

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes on Organizational Meeting

Minutes on Adoption of Bond Resolution, Supplemental Resolution and Resolution Approving Invoices

Environmental Health Services Permit

Evidence of Insurance

Prior Bond and Supplemental Resolutions

RUS Consent to Parity

WDA Consent to Parity

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Friendly Public Service District." The Issuer is a public service district duly created by The County Commission of Tyler County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The

governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Ron Hoyt	03/11/08	12/31/10
Charles Hendricks	01/01/03	12/31/08
Art Mason	04/01/07	12/31/12

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2008 are as follows:

Chairperson	-	Arthur Mason
Secretary	-	Sandy Marsh

The duly appointed and acting counsel to the Issuer is Dean Rohrig, Esquire, in Middlebourne, West Virginia and Special PSC Counsel is Steptoe & Johnson PLLC.

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, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the 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 have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement is true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreement.

11. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on June 15, 2006 which became Final Order on July 5, 2006, in Case No. 05-1811-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 Final Order has expired prior to the date hereof without any appeal. Such Final Order remains in full force and effect. The rates are currently in effect.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Final Order and the Commission Order of the Public Service Commission of West Virginia entered on May 6, 2008 which became Final Order on May 26, 2008, in Case No. 08-0096-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The Order is 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, numbered AR-1 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 and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer also received $214,355 from the Authority and the Council, being a portion of the principal amount of the Series 2008 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF 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.

16. SPECIMEN BONDS: 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. COMPLIANCE WITH WEST VIRGINIA JOBS ACT: The Issuer hereby certifies that, unless it qualifies for an exception, the Issuer shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Issuer shall provide the Council and the Authority with a certificate stating that (i) the Issuer will comply with all the requirements of the West Virginia Jobs Act; (ii) the Issuer has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (iii) the Issuer has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (iv) the Issuer will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Issuer is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

20. VERIFICATION OF SCHEDULE: The final amended Schedule B attached to the Certificate of Consulting Engineer, with a signature of the Chairman and Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the Project and the costs of the financing of the Bonds.

21. 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 Blank]

WITNESS our signatures and the official seal of FRIENDLY PUBLIC SERVICE DISTRICT on this day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Arthur W. Mason	Chairman
Sandy Marsh	Secretary
_____	Counsel to Issuer
Stifel, Nicolaus PLLC	Special PSC Counsel (Paragraph 12)

11.06.08
311200.00004

CH4951868.1

WITNESS our signatures and the official seal of FRIENDLY PUBLIC SERVICE DISTRICT on this day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to Issuer
_____	Special PSC Counsel (Paragraph 12)

11.06.08
311200.00004

CH4951868.1

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Manning Frymier, P.E., Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify on this 4th day of December, 2008 as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public waterworks facilities (the "System") of Friendly Public Service District (the "Issuer") to be constructed in Tyler and Wetzel Counties, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on November 17, 2008, as supplemented by Supplemental Resolution duly adopted by the Issuer on November 17, 2008, and the Loan Agreement for the Series 2008 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated December 4, 2008 (the "Loan Agreement").

2. The Series 2008 A Bonds are being issued for the purposes of (i) paying the Issuer's Waterworks System Design Revenue Bonds, Series 2007 A (the "Series 2007 A Bonds"); (ii) paying the costs of acquisition and construction of the Project; and (iii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Bureau for Public Health ("BPH") and the Council and any change orders approved by the Issuer, the Council, the BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, Dean Rohrig, Esquire, 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 BPH and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits

required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Griffith & Associates, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and 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 approved by the BPH; 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.

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WITNESS my signature and seal on day and year first written above.

CERRONE ASSOCIATES, INC.

(SEAL)

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

11.06.08
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CH4951854.1

November 17, 2008

Friendly Public Service District
Water Project
SCHEDULE B

A. COST OF PROJECT	TOTAL	IJDC
1 Construction		
Construction	1,927,368.00	1,927,368.00
Contingency	100,000.00	100,000.00
2 Technical Services		
a. Study & Report	0.00	0.00
b. Basic design	72,371.00	72,371.00
c. Resident Project Representation	89,900.00	89,900.00
d. Additional Engineering	50,000.00	50,000.00
3 Legal & Fiscal		
a Legal	15,000.00	15,000.00
b PSC attorney (XXXXXX)	8,000.00	8,000.00
c Accounting	1,000.00	1,000.00
d. IJDC Design Loan	66,696.00	66,696.00
e. WesBanco Line of credit	37,800.00	37,800.00
4 Administrative	1,500.00	1,500.00
5 Sites and Lands	6,900.00	6,900.00
6 Project Contingency	52,965.00	52,965.00
7 TOTAL of Lines 1 through 6	2,429,500.00	2,429,500.00
B. COST OF FINANCING		
8 Funded Reserve	0.00	0.00
9 Registrar	500.00	500.00
10 Bond Counsel	20,000.00	20,000.00
11 Cost of Issuance (lines 8 through 10)	20,500.00	20,500.00
12 TOTAL PROJECT COST line 7 plus line 11	2,450,000.00	2,450,000.00
C. SOURCES OF OTHER FUNDS		
13 Federal Grants		
14 State Grants		
15 Other Grants		
16 TOTAL GRANTS Lines 13 through 15	0.00	0.00
17 Size of Bond Issue (line 12 minus Line 16)	2,450,000.00	2,450,000.00

Arthur W. Mason
Friendly PSD

December 4, 2008
Date

Cerrone Associates

December 4, 2008
Date

Griffith & Associates

Accountants & Consultants

December 4, 2008

Friendly Public Service District
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

Friendly Public Service District
Friendly, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia entered June 15, 2006 which became Final Order July 5, 2006, in Case No. 05-1811-PWD-30B and the current operation and maintenance expenses and customer usage as furnished to us by Friendly Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will pay all repair, operation and maintenance 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 2008 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's (1) Water Revenue Bonds, Series 1994 A (United States Department of Agriculture), dated June 22, 1994, issued in the original aggregate principal amount of $360,000; (2) Water Revenue Bonds, Series 1994 B (United States Department of Agriculture), dated November 3, 1994, issued in the original aggregate principal amount of $77,000; (3) Water Revenue Bonds, Series 1997 (United States Department of Agriculture), dated June 11, 1997, issued in the original aggregate principal amount of $500,000; (4) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $300,000; and (5) Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated March 11, 2005, issued in the original aggregate principal amount of $40,000 (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2008 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds, the Series 2008 A 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 Series 2008 A 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 Series 2008 A 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 Prior Bonds and the Series 2008 A Bonds.

Very truly yours,

Michael D. Griffith, CPA

Michael D. Griffith, CPA
michaelgriffithcpa@verizon.net

950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 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 $2,450,000 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, dated December 4, 2008 (collectively, the "Bonds"), hereby certify this 4th day of December, 2008 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 November 17, 2008 (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 December 4, 2008, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2008 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 2008 A Bonds were sold on December 4, 2008, to the Authority, pursuant to a loan agreement dated December 4, 2008, by and between the Issuer and

the Authority, on behalf of the Council, for an aggregate purchase price of $2,450,000 (100% of par), at which time, the Issuer received $214,355 from the Authority and the Council, being the first advance of the principal amount of the Series 2008 A Bonds. No accrued interest has been or will be paid on the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2008 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of the Project; (ii) paying in full the outstanding principal of, interest, if any, on the Issuer's Waterworks System Design Revenue Bonds, Series 2007 A (the "Series 2007 A Bonds"); and (iii) paying certain costs of issuance and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before January 1, 2010. The acquisition and construction of the Project is expected to be completed by July 1, 2009.

8. The total cost of the Project is estimated at $2,450,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2008 A Bonds	$2,450,000.00
Total Sources	$2,450,000.00

USES	
Costs of Acquisition and Construction of the Project	$2,362,804.04
Payment of the Series 2007 A Bonds	$66,695.96
Costs of Issuance	$20,500.00
Total Uses	$2,450,000.00

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2008 A Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2008 A Bonds Construction Trust Fund;

(4) Series 2008 A Bonds Sinking Fund; and

(5) Series 2008 A Bonds Reserve Account.

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

(1) Series 2008 A Bond proceeds in the amount of $-0- will be deposited in the Series 2008 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2008 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Series 2008 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2008 A Bonds Reserve Account.

(3) Series 2008 A Bonds proceeds in the amount of $66,695.96 will be transferred to the Commission to pay the Series 2007 A Bond.

(4) The balance of the proceeds of the Series 2008 A Bonds will be deposited in the Series 2008 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2008 A Bonds and related costs.

11. Monies held in the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2008 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2008 A Bonds Sinking Fund and Series 2008 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2008 A 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 eight (8) 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 2008 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2008 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within fourteen (14) months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

16. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

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

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

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

20. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2008 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 2008 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2008 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due, respectively, on the Bonds in the then current or any succeeding year. Monies in the Series 2008 A Bonds Reserve Account and the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest on each series of the Bonds and will not be available to pay costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2008 A Bonds, (b) are to be sold pursuant to a common plan of financing together with the 2008 A Bonds and (c) will be paid out of substantially the same sources of funds 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.

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WITNESS my signature on the day and year first written above.

FRIENDLY PUBLIC SERVICE DISTRICT

By: Arthur W. Mason
Its: Chairman

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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

11-18-75

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 18th 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 18th day of November, 1975.

Carlene Hayes
Recorder

SEAL:

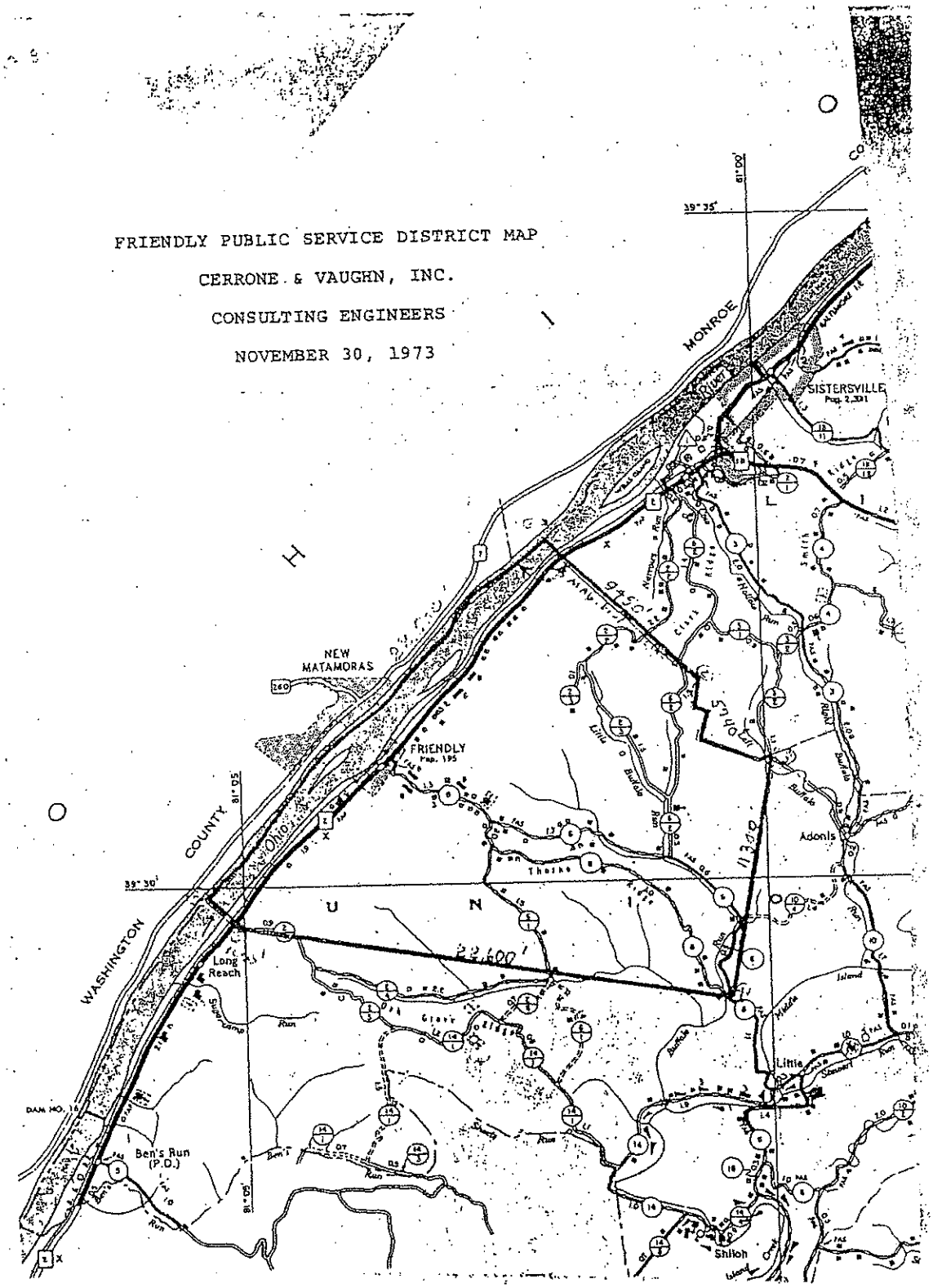
NOTARY PUBLIC

FRIENDLY PUBLIC SERVICE DISTRICT MAP

CERRONE & VAUGHN, INC.

CONSULTING ENGINEERS

NOVEMBER 30, 1973



11/21/75

S e 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 court house thereof on the 21st day of November, 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 PROPOSING THE CREATION OF A PUBLIC SERVICE DISTRICT AND FIXING A DATE FOR HEARING

WHEREAS, this Commission is impowered 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 ~~2x450xfeetxthencexwithxthe~~ 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 Courhouse 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 9,450 feet; thence with the same magisterial boundary meandering for 5,740 feet in 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 3 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 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 theCounty 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, 19 97.

Gertie I. Archer
Clerk Tyler County Commission

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER #8 80732-E

:ate of West Virginia

December 15, 1975

ɔu ' of Tyler, to-wit:

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

N 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 :reation of the proposed Friendly Public Service District, and having provided in the said)rder that any persons residing in or owning or having any interest in property in the ɔroposed 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 ɔposed 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 Magesterial 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 Magesterial Districts of Tyler County and the Ohio-West Virginia border; thence in a southeasterly direction with the Union-Lincoln Magesterial District boundary 9,450 feet; thence with the same magesterial 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 Magesterial 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

* * * * * * * * * * * * * * * *

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:

NAME	ADDRESS	TERM
James L. McIntyre	Route 1, Box 15 Friendly, W. V.	Six year, expiring January 1, 1981.
William H. Jemison	Route 1, Box 43 Friendly, W. V.	Four years, expiring January 1, 1979.
Gene M. Chute	Route 1 Sistersville, W. V. (Davenport)	Two years, expiring January 1, 1977.

COUNTY COMMISSION OF TYLER COUNTY

By Guy L. Nichols
President.

* * * * * * * * * * * * * * * *

After the meeting for the public service hearing was adjourned the commission then

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 impowered 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, feasibile 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 [illegible] 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 sewarage 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 sate 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 Friendl 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 propose Friendly Public Service Disrrict.

Dorothy M. Henderson

Dorothy M. Henderson, Clerk of the
County Commission of Tyler county, West
Virginia.

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 impovement 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 hereinafter 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 constitue 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.

Guy L. Nichols

President, County Commission of Tyler county, West Virginia.

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 Kennth 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

ROBERT D. WABLE
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 2,950 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 [illegible] Thence continuing with said ridge in an easterly [illegible] 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. #100 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. #100 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. #100; 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 center-line 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 4,600 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, [illegible] 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 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.

Gertie I. Archer
Clerk Tyler County Commission

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO. 30732-E

WETZEL CHRONICLE 7-3
LEGAL NOTICE

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: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 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 being the right ascending bank of the Ohio River; [illegible] and running [illegible] S.R. #2 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 running the centerline of S.R. #180; Thence, following said power line in a north-easterly direction approximately 3,500 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 creek; Thence, [illegible] said track and westerly direction and then in a south easterly direction approximately 5,000 feet to a point; Thence, leaving the center-line of said track, in a southerly direction approximately 1,540 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 4,050 feet to a point located on the Magnolia-Green Magisterial District Line, said point being located north-east of and on the perpendicular approximately 2,000 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 and on the perpendicular approximately 40 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.

All persons residing in, or owning, or

WETZEL CHRONICLE

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 ....1.... successive weeks in the Wetzel Chronicle, beginning on the ....7.... day of ....7.... 1996, and ending on the ....14.... day of ....7.... 1996.

Manager, Wetzel Chronicle

Subscribed and sworn to before me, a Notary Public of said County, on this ....14.... day of ....7.... 1996.

Notary Public

My commission expires on the ...9th... day of ..December,...2002..

Printers Fee.....

NOTARY PUBLIC
STATE OF WEST VIRGINIA
ROBERT J. THOMPSON
Route Company
P.O. Box 290
New Martinsville, West Virginia 26155
My Commission Expires Dec. 9, 1002

LEGAL NOTICE

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: Beginning at a point in the centerline of Paden Fork Road (C.R.#36) where the south-easterly corporation limit line of Paden City intersects said C.R. 126. 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 1,650 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, leaving said ridge and running 400 feet north-west of and parallel with the centerline of WV S.R. #160 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. #160; Thence, following said power line in a north-easterly direction approximately 2,500 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 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 meanderings thereof, first in a south-easterly 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 3,050 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 460 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 1,250 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 1 successive weeks in the Tyler Star News, beginning on the 3rd day of July, 1996... and ending on the 3rd day of July, 1996..

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

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KELLE J. DINARDO
Wayne Church
P.O. Box 1[illegible]
New Martinsville, West Virginia 2[illegible]
My Commission Expires Dec. 9, 1996

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 6th day of Nov, 1996. and ending on the 6th 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 12th day of November, 1996.

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 to 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 Commission may do [illegible]

Tyler County Commission and
Wetzel County Commission
N Nov 6

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 [illegible] 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 [illegible] 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 Riggenbach

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 [illegible] the said 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 [illegible] point; Thence, continuing with said ridge in an easterly [illegible] 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 center-line 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, [illegible] a common corner to Tyler and Wetzel Counties; [illegible], 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, 19 96.

Mary Riggenbach

Clerk Wetzel County Commission

WETZEL CHRONICLE 11-6

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 96-0738-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 [illegible]

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 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 Commissions may do so by appearing in person at these hearings.

Tyler County Commission
and 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 6th day of Nov, 1996, and ending on the 6th day of [illegible] 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 ...9th.. day of ..December.....2002..

Printers Fee.....

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
XELEE J. DINARDO
[illegible]
New Martinsville, West Virginia [illegible]
My Commission [illegible]

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
1-5-97

Entered: December 16, 1996

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 Unadminstered 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. Spychalla.

****

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.

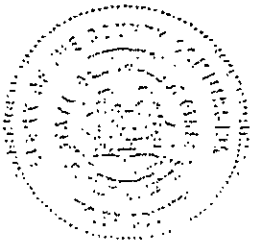
****

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. Ord. en 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

Arthur W. Mason, President

****

Mr. Weigle reported the busted pipe and water leak in the basement has been repaired.

****

On motion of Charles A. Smith, seconded by Edwin C. Weigle, the Commission unanimously approved appointing Arthur W. Mason to the Friendly Public Service District Board for a 6-year term. This is the term that ended December 31, 2006 and was vacated by the resignation of Jeannie Mason.

****

Mr. Wable read a letter from the West Virginia Development Office advising the Commission the Synthetic Fuel Tax will be decrease for the 2006-2007 Fiscal year and would be possible terminated by the 2007-2008 Fiscal Year. The Commission had budged $40,000.00 in the 2006-07 FY for this income.

****

Mr. Wable read the letter he prepared to F. M. Dean Rohrig, Prosecuting Attorney, responding to the Prosecuting Attorneys request for an explanation of the findings in the 2005-2006-budget audit. In his letter, Mr. Wable explained there were no findings in the basic budget, but the handling of grants reimbursements and election reimbursements in two separate fiscal years had caused the findings.

****

On motion of Mr. Smith, seconded by Mr. Weigle, the Commission unanimously approved the specs for the Sheriff's Department tax accounting system bid.

****

Chad Swiger requested the commission for access to a phone line so he can contact people from his company. The Commission discussed the problem the abstractors have making calls due to the lack of cell phone service in the county. The Commission will look into

STATE OF WEST VIRGINIA
COUNTY OF TYLER §

March 11, 2008

At a regular session of the Tyler County Commission held at the Courthouse thereof on the 11th day of March 2008 at 9:00 A.M.

Present: Robert D. Wable, President, Edwin C. Weigle and Charles A. Smith, Commissioners.

****

On motion of Mr. Smith, seconded by Mr. Weigle, the minutes of the February7 special meeting, February 26 regular meeting and March 4, 2008 special meeting were unanimously approved.

****

On motion of Mr. Weigle, seconded by Mr. Smith, the Commission unanimously approved the following exonerations presented by Jackson Hayes, Assessor.

#127	Cunningham Richard L.	#128	Sapp, Charles S.
#129	Fetty, Betty	#130	Osborn Helen
#132	Moore Jamie L & Lynn		

****

On motion of Mr. Weigle, seconded by Mr. Smith, the Commission unanimously approved the following fiduciary report submitted by the County Clerk.

Will Probated and Admitted to Record for the following Estates:
Estate of: Andrew Adair Adams and Joan W. Folger.

Petition and Order to Reopen the Following Estates:
Estate of: Earnest L. White.

Estate referred to Fiduciary Commissioner for Settlement:
Estate of: Sadie J. Baker and, Zelma L. Watson.

****

Terry Collins, a Tyler County Resident, told the Commission he purchased mineral interest under his property at the 2006 tax sale. No one told him he was supposed to apply for a deed for the minerals and he missed the date. Mr. Collins asked the commission for an extended window to be able to apply for the tax deed. Patricia Boggs, Chief Tax Deputy, told the Commission that a few years ago the State Tax Department instructed the counties not to give any advice to those purchasing tax liens at the sales because different counties were giving

different and sometimes wrong information. Ms. Boggs said it is her understanding that they could give the purchasers a copy of the code section.

When asked what happened to the minerals or land that was purchased and a deed was not made for it, what happened to it, Ms. Boggs said that it was just as if the taxes were paid and it goes back on the books.

Mr. Wable asked Mr. Weigle to follow up on Mr. Collins' question by asking the Prosecuting Attorney if there is anything that can be done.

****

Arley Shepherd, Valley Grange Representative, asked the Commission about the grant for a new roof for Valley Grange. Mr. Weigle suggested they have Tim Meeks, MOVRC Grant Coordinator fill out the grant application. Mr. Wable said he would get in contact with Tim Meeks and have him take care of the Grantee, Bens Run Industrial Park, Conaway Lake and TC Fairgrounds grants.

****

Mr. Wable read a letter from Brandi Blankenship advising the Commission the 4-H grant has been received and will be held for the next fiscal year funding cycle. Mr. Wable will talk to Tim Meeks about this grant also.

****

Ken Beazley, ArborMetrics, presented for final approval of a contract to provide the E911 Addressing services to the Tyler County Commission as related to the 911 Addressing and Mapping Project for Tyler County. Mr. Wable questioned if the 15% up front payment was required. Mr. Beazley replied that it is the usual fee and covers the initial startup of the project. Mr. Wable asked Elden Pratt and Sheriff Clay Hupp if they had a problem with the up front payment and did they recommend it to which they both responded they had no problem with it and recommended it.

Edwin C. Weigle made a motion to approve the contract and authorize Robert D. Wable to sign the same. Charles A. Smith seconded the motion. The motion carried unanimously.

****

President Wable read a letter from the WV Supreme Court of Appeals advising the Commission a check for $4,692.83 from the WV Magistrate Court Surplus was enclosed and was to be placed in the Magistrate Court Fund and used in accordance with the provisions of Rule 8

of the Administrative Rules for Magistrate Courts.

****

On motion of Mr. Weigle, seconded by Mr. Smith, the Commission unanimously approved the following resolution submitted by J. Eric Peters, Executive Director of the Tyler County Development Authority.

TYLER COUNTY COMMISSION

RESOLUTION

Be it known that the Tyler County Commission has met this day with a quorum present and approved the following resolution.

WHEREAS, the Tyler County Development Authority has advised the Commission of a need for the construction of an industrial access road at the Bens Run Industrial Park to serve an industrial site to be constructed and urged the Commission to request moneys from the Industrial Access Road Fund for such construction; and,

WHEREAS, receipt of such funding is essential to the construction of an industrial access road in order to secure private investment for a new industrial facility within the Bens Run Industrial Park and to the further development of additional parcels of land within the Bens Run Industrial Park;

THEREFORE, BE IT RESOLVED, in accordance with the West Virginia Code Section 17-3A-2, that the Tyler County Commission hereby requests moneys from the Industrial Access Road Fund for the construction and maintenance of an industrial access road at the Bens Run Industrial Park for the fiscal year 2008-2009;

BE IT FURTHER RESOLVED, that the Commission, directly or through a designated and duly authorized agency, shall be responsible for the preliminary negotiations with industries and other interested parties to achieve a firm contract or contracts, prior to the Commission's acceptance of industrial access road funds, for the construction of the industrial site on which manufacturing, processing or other similar establishments would be served by the proposed industrial access road;

BE IT FURTHER RESOLVED, that the Commission, directly or through a designated an duly authorized agency, shall seek the assistance and consultation of the of the West Virginia Department of Highways in the preparation of surveys, plans, engineering studies and cost estimates for the proposed industrial access road.

This resolution shall be effective upon its adoption this 11th day of March, 2008.

TYLER COUNTY COMMISSION

/s/ Robert D. Wable, President
/s/ Edwin C. Weigle, Vice President
/s/ Charles A. Smith, Commissioner

****

J. Eric Peters, TCDA Executive Director, requested by letter the release of funds in the amount of $10,000.00 that has been budgeted for the TCDA's use by the Tyler County Commission. These funds serve as a portion of the required local match for the TCDA annual

Local Economic Development Grant from the WV Development Office.

On motion of Edwin C. Weigle, seconded by Charles A. Smith, the Commission unanimously approved the release of $10,000.00 to the Tyler County Development Authority.

****

On motion of Charles A. Smith, seconded by Edwin C. Weigle, the Commission unanimously approved appointing Ron Hoyt to the Friendly Public Service District Board of Directors to fill the unexpired term of Dan Probst who has resigned.

****

At 10:24 A.M. Charles A. Smith made a motion to go into executive session to discuss the 2008-2009 fiscal year proposed budget. Edwin C. Weigle seconded the motion. The motion carried unanimously.

****

The Commission resumed regular session at 11:53 am.

****

On motion of Mr. Smith, seconded by Mr. Weigle, the Commission unanimously approved the payment of bills submitted since the last meeting of February 26, 2008.

****

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, President

My Documents\co comm.\CCMEETAM4

TYLER COUNTY COMMISSION
OATH TO OFFICE Clerk 05
Date : 04/11/2008
Time : 09:16
Inst # : 33540
Book : 1-
Page : 556-
Received: .00
Tax : .00

BK0001PG0556

OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF TYLER§:

I, **Ronald W. Hoyt**, 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.

Subscribed and sworn to before the undersigned County Clerk [redacted] 11th day of April 2008.

Tyler County Clerk

File in Oath Folder

STATE OF WESVIRGINIA, 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.

Teste: Loca G. Thomas Clerk

County Commission of Tyler County

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.

[~~Notary~~. My ~~Commission~~ Term expires: 12-31-2004.]

Lora G. Thomas
Clerk/~~Notary Public~~

532 -A

TYLER COUNTY COMMISSION
MISCELLANEOUS Clerk 04
Date : 02/08/2007
Time : 11:20
Inst # : 29173
Book : 1-
Page : 532-A
Received: .00
Tax : .00

STATE OF WEST VIRGINIA,
COUNTY OF TYLER §:

OATH OF OFFICE

I, ***Arthur W. Mason***, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State and that I will execute and perform the duties of a member of the ***Public Service Board of the Friendly Public Service District***, Tyler County, West Virginia to the best of my skill and judgment, so help me God.

Term of Office: January 1, 2007 to December 31, 2012.

Arthur W. Mason

Subscribed and sworn to before the undersigned, this 8th day of February 2007.

Return to: Tyler County Clerks File

Lora G. Thomas
County Clerk

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 specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

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

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

ARTICLE VI

DUTIES OF OFFICERS

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

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

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

shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

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

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

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

Adopted this 27th day of September, 2004.

Friendly PSD
Board Meeting Minutes
April 28, 2008

Attendance: Board Members- Art Mason, Charles Hendricks, Ron Hoyt
Manager- Bob Patterson; Secretary- Sandy Marsh
Commissioner – Bob Wable

The manager, Bob Patterson, opened the floor for nominations. Ron Hoyt nominated Art Mason. The nominations were closed. The vote was Ron Hoyt-for, Charlie Hendricks-against, and Art Mason abstained. The nominations were opened again and the same outcome occurred. Art Mason asked each board member if they were interested in becoming chairman and both members declined. After a third attempt Art Mason was chosen Chairman with a two to one vote. Ron Hoyt and Art Mason for and Charlie Hendricks against. Art Mason accepted the chairman position for one year.

The meeting was called to order by Chairman Art Mason.

Manager's report is attached.

Approval of March meeting minutes.
Motion – Art Mason
Second – Charles Hendricks

Board Actions
Bills were presented to the board for payment. (Please see attached sheets.)
Motion – Art Mason
Second – Charles Hendricks

Unfinished Business

New Business
The Board approved Requisition # 6 to pay Michael Griffith, CPA $330.00.
Motion – Art Mason
Second – Ron Hoyt

The Board approved to change the next meeting date from May 26, 2008 to May 19, 2008.
Motion – Art Mason
Second – Ron Hoyt

The Board rescinded an earlier policy decision preventing the use of company vehicles as work transportation. The new policy will allow the manager the discretion as to the use and frequency.
Motion – Charles Hendricks
Second – Art Mason

Art Mason declared the meeting adjourned.

Next board meeting will be May 19, 2008 at 4:00 p.m.

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION, SWEEP RESOLUTION AND DRAW RESOLUTION

The undersigned SECRETARY 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 District:

*** *** ***

Friendly Public Service District met in regular session, pursuant to notice duly posted, on the 17th day of November, 2008, in Friendly, West Virginia, at the hour of 3:00 p.m.

PRESENT:	Arthur Mason	-	Chairman
	Charles Hendricks		
	Ron Hoyt		
	Robert Patterson	-	Manager

Motion was made by Ron Hoyt to appoint Sandy Marsh as Secretary and seconded by Charles Hendricks. Motion passed.

Arthur Mason, Chairman, presided, and Sandy Marsh, 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 PAYMENT OF WATERWORKS SYSTEM DESIGN REVENUE BONDS, SERIES 2007 A, AND ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF FRIENDLY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE

ISSUANCE BY THE DISTRICT OF $2,450,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Ron Hoyt and seconded by Charles Hendricks, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF FRIENDLY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Ron Hoyt and seconded by Charles Hendricks, it was unanimously ordered that the said Supplemental Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Sweep Resolution for the authorization of

electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Ron Hoyt and seconded by Charles Hendricks, it was unanimously ordered that the said Sweep Resolution be adopted.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Ron Hoyt and seconded by Charles Hendricks, it was unanimously ordered that the said Draw Resolution be adopted.

*** *** ***

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

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Friendly Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 4th day of December, 2008.

Sandy Marsh
Secretary

11.17.08
311200.00004

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 4-Dec-08

(See Reverse for Instructions)

ISSUE: Friendly Public Service District
Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 138, Friendly, West Virginia 26146 COUNTY: Tyler and Wetzel

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 4-Dec-08

CLOSING DATE: 4-Dec-08

ISSUE AMOUNT: $2,450,000

RATE: 0%

1ST DEBT SERVICE DUE: 1-Jun-10

1ST PRINCIPAL DUE 1-Jun-10

1ST DEBT SERVICE AMOUNT $15,807

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: WesBanco Bank, Inc.
Contact: Judy Yeager
Phone: 304.652.3151

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Robert Patterson
Position: Manager
Phone: 304.652.1401

OTHER:
Agency: West Virginia Inftrastructure & Jobs Development Council
Contact: Jefferson Brady, PE
Position: Executive Director
Phone: 304.558.4607

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ ____
____ Other: $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee $ ____
____ To Issuer $ ____
____ To Cons. Invest. Fun $ ____
____ To Other: ____ $ ____

NOTES: Series 2008 A Bonds Reserve Account to be funded over 10 years.

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 specificed 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.

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

WesBanco Bank, Inc., Sistersville, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Friendly Public Service District (the "Issuer") adopted November 17, 2008, and the Supplemental Resolution of the Issuer adopted November 17, 2008 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated December 4, 2008, issued in the principal amount of $2,450,000 (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 4th day of December, 2008

WESBANCO BANK, INC.

By: _____
Its: Authorized Officer

11.11.08
311200.00004

CH4951852.1

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Friendly Public Service District Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated December 4, 2008, issued in the principal amount of $2,450,000 (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 4th day of December, 2008.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

11.11.08
311200.00004

CH4951844.1

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Friendly Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, dated December 4, 2008, in the principal amount of $2,450,000, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 4th day of December, 2008.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

11.11.08
311200.00004

CH4951846.1

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 4th day of December, 2008, 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 $2,450,000 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted November 17, 2008, and the Supplemental Resolution of the Issuer duly adopted November 17, 2008 (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, West Virginia 26146 Attn: Chairman
REGISTRAR:	The Huntington National Bank One Huntington Square Charleston, West Virginia 25301 Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first written about.

FRIENDLY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

11.11.08
311200.00004

CH4951857.1

EXHIBIT A

Bond Legislation included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date December 20, 2008

Friendly Public Service District
Account Number 6089001809

Friendly Public Service District
Water Revenue Bond, Series 2008 A
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR December, 2008

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	**$**	**500.00**

* 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: BARRY. . *
* .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . .*

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

PWSID: WV3304801

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS | 1 DAVIS SQUARE, SUITE 200 TELEPHONE 304-558-2981 | CHARLESTON, WEST VIRGINIA 25301

PERMIT

PROJECT: (Well) Davenport Wellfield Well Nos. 3 & 4 PERMIT NO.: 17,759

LOCATION: Davenport COUNTY: Tyler DATE: 11-5-2007

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: drill two (2) new public water system wells. The wells are to be constructed according to the WV Bureau for Public Health's "Design Standards for Public Water Supply Systems," with particular attention to Section 5.3.e.9., Grouting Requirements. Well construction is to be performed by a WV Certified Water Well Contractor. The well water shall be tested for any chemical, radiological and microbiological contaminants, as required by the WV Bureau for Public Health's "Public Water Systems" regulations.

Facilities are to serve the Friendly Public Service District.

NOTE: **It is the well owner's responsibility** that the well log, all yield & drawdown test results and contaminate results **are submitted** to the Wellhead Protection Program, Environmental Engineering Division, WV Bureau for Public Health, Capitol and Washington Streets, 1 Davis Square, Suite 200, Charleston, WV 25301, within 30 calendar days after the well is drilled.

The Environmental Engineering Division of the **OEHS Wheeling District Office** (304) 238-1002 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:emt
pc: Cerrone Associates, Inc.
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC-Water and Wastewater Division
Tyler County Health Department
OEHS-EED Wheeling District Office
SWAP

PWSID: WV3304801

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WEST VIRGINIA 25301
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Water) Water System Improvements PERMIT NO.: 17,760

LOCATION: Friendly COUNTY: Tyler DATE: 11-5-2007

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that:

Friendly Public Service District
P.O. Box 108
Friendly, West Virginia 26146

is hereby granted approval to install approximately 680 LF of 8", 28,480 LF of 6" and 2,600 LF of 4" water line; one (1) 30 G.P.M. duplex water booster station; upgrade the existing Cow Hollow duplex water booster station to a 125 G.P.M. station; modify an existing PRV station; add a chlorine building with chlorination equipment at the Davenport wellfield; add a 108,000 gallon, 97,000 gallon and 100,000 water storage tanks; repainting and/or repair of #1 and #2 existing water storage tanks; telemetry; and all necessary valves, controls and appurtenances.

Facilities are to serve the Friendly Public Service District.

NOTE: This permit is contingent upon: 1) All new water line and water storage tanks being disinfected, flushed and bacteriologically tested, prior to use; and 2) All new water storage tanks being enclosed by a minimum six (6) feet high fence with a locking gate.

The Environmental Engineering Division of the **OEHS Wheeling District Office** (304) 238-1002 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:emt
pc: Cerrone Associates, Inc.
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC-Water and Wastewater Division
Tyler County Health Department
OEHS-EED Wheeling District Office
SWAP

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 10/29/2008

PRODUCER (304)375-4900 FAX (304)375-2162
Bill Bailey Insurance Agency
701 Highland Avenue
P. O. Box 246
Williamstown, WV 26187

INSURED Friendly PSD
PO Box 138
Friendly, WV 26146

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: American Alternative Insurance	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PROJECT [ ] LOC	SP9153727-00	02/01/2008	02/01/2009	EACH OCCURRENCE	$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
						MED EXP (Any one person)	$ 10,000
						PERSONAL & ADV INJURY	$ 1,000,000
						GENERAL AGGREGATE	$ 3,000,000
						PRODUCTS - COMP/OP AGG	$ 3,000,000
		AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [ ] HIRED AUTOS [ ] NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident)	$
						BODILY INJURY (Per person)	$
						BODILY INJURY (Per accident)	$
						PROPERTY DAMAGE (Per accident)	$
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT	$
						OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
A		EXCESS/UMBRELLA LIABILITY [X] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [ ] RETENTION $	SX9251292-00	02/01/2008	02/01/2009	EACH OCCURRENCE	$ 1,000,000
						AGGREGATE	$ 1,000,000
							$
							$
							$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				[ ] WC STATUTORY LIMITS [ ] OTHER	
						E.L. EACH ACCIDENT	$
						E.L. DISEASE - EA EMPLOYEE	$
						E.L. DISEASE - POLICY LIMIT	$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

The certificate holder listed below is named as Additional Insured

CERTIFICATE HOLDER

WV Water Development Authority
180 Association Drive
Charleston, WV 25311-1217

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

©ACORD CORPORATION 1988

Certification of Bidder Regarding Compliance with the
WV Jobs Act (SB 103) WV Code 21-1C-1

WV JOBS ACT REQUIREMENTS

(a) Contractors shall hire at least 75% of employees for the project from the local labor market.

- At least two employees from outside local labor market permissible for each employer
- Employees shall have resided in the local labor market

(b) Any employer unable to employ the minimum number of employees from the local labor market shall provide the nearest office of the Division of Employment Services, Bureau of Employment Programs the following:

(1) the number of qualified employees needed; and
(2) a job description of positions to be filled

(c) If, within 3 business days following the placing of the job order with the Division of Employment Services (the "Division"), the Division is unable to refer any qualified applicants to the employer or refers less qualified job applicants than the number requested, then the Division shall issue a waiver to the employer stating the unavailability of applicants and permit the employer to fill any positions covered by the waiver from outside the local labor market.

CONTRACTOR REQUIREMENTS

The contractor hereby agrees to the following:

(a) The contractor will comply with the Act and will file or cause to be filed with the WV Division of Labor and the Infrastructure Council copies of waiver certificates and certified payrolls as required by the Act, or other comparable documents that include the number of employees, the county and state where the employees reside and their occupation

(b) the contractor will follow the procedure established by the Division of Labor for efficient collection of the data;

(c) the contractor will ensure that each subcontract for shall contain provisions conforming to the requirement of the Act

(d) the contractor will provide with each pay requisition a certification that the contract is in compliance with the Act

Name & Title of Signer (Please type) Robert B. Litman, President	
Signature: Robert B Litman	Date 8/25/08

Rev. 2 April 2, 2003

Certification of Bidder Regarding Compliance with the
WV Jobs Act (SB 103) WV Code 21-1C-1

WV JOBS ACT REQUIREMENTS

(a) Contractors shall hire at least 75% of employees for the project from the local labor market.

- At least two employees from outside local labor market permissible for each employer
- Employees shall have resided in the local labor market

(b) Any employer unable to employ the minimum number of employees from the local labor market shall provide the nearest office of the Division of Employment Services, Bureau of Employment Programs the following:

(1) the number of qualified employees needed; and
(2) a job description of positions to be filled

(c) If, within 3 business days following the placing of the job order with the Division of Employment Services (the "Division"), the Division is unable to refer any qualified applicants to the employer or refers less qualified job applicants than the number requested, then the Division shall issue a waiver to the employer stating the unavailability of applicants and permit the employer to fill any positions covered by the waiver from outside the local labor market.

CONTRACTOR REQUIREMENTS

The contractor hereby agrees to the following:

(a) The contractor will comply with the Act and will file or cause to be filed with the WV Division of Labor and the Infrastructure Council copies of waiver certificates and certified payrolls as required by the Act, or other comparable documents that include the number of employees, the county and state where the employees reside and their occupation

(b) the contractor will follow the procedure established by the Division of Labor for efficient collection of the data;

(c) the contractor will ensure that each subcontract for shall contain provisions conforming to the requirement of the Act

(d) the contractor will provide with each pay requisition a certification that the contract is in compliance with the Act

Name & Title of Signer (Please type) John Fox, Vice President	
Signature: J. L. Fox	Date August 26, 2008

Rev. 2 April 2, 2003

WV Infrastructure & Jobs Development Council

Certification of Bidder Regarding Compliance with the
WV Jobs Act (SB 103) WV Code 21-1C-1

WV JOBS ACT REQUIREMENTS

(a) Contractors shall hire at least 75% of employees for the project from the local labor market.
- At least two employees from outside local labor market permissible for each employer
- Employees shall have resided in the local labor market

(b) Any employer unable to employ the minimum number of employees from the local labor market shall provide the nearest office of the Division of Employment Services, Bureau of Employment Programs the following:
(1) the number of qualified employees needed; and
(2) a job description of positions to be filled

(c) If, within 3 business days following the placing of the job order with the Division of Employment Services (the "Division"), the Division is unable to refer any qualified applicants to the employer or refers less qualified job applicants than the number requested, then the Division shall issue a waiver to the employer stating the unavailability of applicants and permit the employer to fill any positions covered by the waiver from outside the local labor market.

CONTRACTOR REQUIREMENTS

The contractor hereby agrees to the following:

(a) The contractor will comply with the Act and will file or cause to be filed with the WV Division of Labor and the Infrastructure Council copies of waiver certificates and certified payrolls as required by the Act, or other comparable documents that include the number of employees, the county and state where the employees reside and their occupation

(b) the contractor will follow the procedure established by the Division of Labor for efficient collection of the data;

(c) the contractor will ensure that each subcontract for shall contain provisions conforming to the requirement of the Act

(d) the contractor will provide with each pay requisition a certification that the contract is in compliance with the Act

Name & Title of Signer (Please type) James A. Skelton, President	
Signature:	Date 8/27/08

Rev. 2 April 2, 2003

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1994 A

BOND RESOLUTION

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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)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by the 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

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FRIENDLY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $77,000 WATER REVENUE BOND, SERIES 1994 B, OF FRIENDLY PUBLIC SERVICE DISTRICT, ON A PARITY WITH THE OUTSTANDING 1971 BOND AND 1994 A 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 storage tank and residential customer distribution system to serve the Pleasant Ridge area 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 Town of Middlebourne pursuant to a water purchase contract between the Issuer and said Town. The existing waterworks facilities of the Issuer, together with the Project and any further additions, extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the 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 $167,000, of which $77,000 will be obtained from the proceeds of sale of the Bond herein authorized and $90,000 from a grant by the Purchaser (as hereinafter defined).

E. It is necessary for the Issuer to issue its water revenue bond in the principal amount of $77,000 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 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.

"1994 A Bond" means the Water Revenue Bond, Series 1994 A, of the Issuer described in Section 1.02G hereof.

"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, the 1994 A 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 August 30, 1991, an amended Letter of Conditions dated April 1, 1994, 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 1971 Bond and the 1994 A Bond.

"Prior Resolutions" means, collectively, the 1971 Resolution and the 1994 A Resolution.

"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, 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.

James L. McIntyre
Chairman of Public Service Board

Member

James O. McNulla
Member

10/28/94
FRIENDJ.A2
311200/91001

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1997

BOND RESOLUTION

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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]

Susan Stonebing
Secretary/Treasurer

06/10/97
FRS.A4
311200/96001

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

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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, issue 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]

_____
Chairman

ATTEST:

_____
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 Hudnicks
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]

Robert Patterson
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: Charles 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

United States Department of Agriculture
Rural Development
West Virginia State Office

December 4, 2008

Friendly Public Service District
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Series 1994 A Bonds, Series 1994 B Bonds and Series 1997 Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) (the "Series 2008 A Bonds"), in the principal amount of not to exceed $2,450,000, by Friendly Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2008 A Bonds (the "Series 2008 A Resolution") on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's (1) Water Revenue Bonds, Series 1994 A (United States Department of Agriculture), dated June 22, 1994, issued in the original aggregate principal amount of $360,000 (the "Series 1994 A Bonds"); (2) Water Revenue Bonds, Series 1994 B (United States Department of Agriculture), dated November 3, 1994, issued in the original aggregate principal amount of $77,000 (the "Series 1994 B Bonds"); and (3) Water Revenue Bonds, Series 1997 (United States Department of Agriculture), dated June 11, 1997, issued in the original aggregate principal amount of $500,000 (the "Series 1997 Bonds") (collectively, the "Prior Bonds"); (ii) waive any requirements imposed by the Prior Bonds or the resolutions authorizing the Prior Bonds (the "Prior Resolutions"), regarding the issuance of parity bonds which are not met by the Series 2008 A Bonds or the Series 2008 A Resolution; and (iii) any amendments made to the Prior Resolutions by the Series 2008 A Resolution.

State Director

Federal Building, Suite 320 • 75 High Street • Morgantown, WV 26505-7500
Phone: (304) 284-4860 OR (800) 295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836 • Web: http://www.rurdev.usda.gov/wv

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WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

December 4, 2008

Friendly Public Service District
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined, in reliance upon the certificate of Griffith and Associates, independent certified public accountants, and Steptoe & Johnson PLLC, bond counsel, that Friendly Public Service District (the "Issuer") has met the coverage and parity requirements set forth in the Resolution authorizing the Prior Bonds, hereby consents to the issuance of the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) (the "Series 2008 A Bonds"), in the principal amount of $2,450,000, by Friendly Public Service District, under the terms of the resolution authorizing the Series 2008 A Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's: (1) Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $300,000; and (2) Water Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated March 11, 2005, issued in the original aggregate principal amount of $40,000 (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

RECEIPT OF PAYMENT OF SERIES 2007 A BONDS

The undersigned, authorized representative of the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council hereby certifies as follows:

On the 4th day of December, 2008, the Authority received the sum of $66,695.96 from Friendly Public Service District and such amount is sufficient to pay the entire outstanding principal of and all accrued interest on the Friendly Public Service District Waterworks System Design Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated September 13, 2007, issued in the original aggregate principal amount of $68,229, to the date hereof and discharge the liens, pledges and encumbrances securing such Bonds.

WITNESS my signature on this 4th day of December, 2008.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY, on behalf of the West Virginia
Infrastructure and Jobs Development Council

By: Barbara B Meadows
Its: Authorized Representative

11.11.08
311200.00004

CH4951873.1

CANCELLED
PAID IN FULL
DATE: 12·04·08
BY : Barbara R Meadows CPA

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
FRIENDLY PUBLIC SERVICE DISTRICT
WATERWORKS SYSTEM DESIGN REVENUE BONDS, SERIES 2007 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $68,229

KNOW ALL MEN BY THESE PRESENTS: That on the 13th day of September, 2007 FRIENDLY 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 SIXTY EIGHT THOUSAND TWO HUNDRED TWENTY-NINE DOLLARS ($68,229), 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, 2008, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with 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 September 13, 2007.

CANCELLED
PAID IN FULL
DATE: 12.04.08
BY : BBM

This Bond is issued (i) to pay a portion of the costs of design of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the design of the aforementioned improvements and extensions is herein referred to as the "Project", and the existing public waterworks system of the Issuer, together with any further additions, betterments and improvements thereto, including those contemplated by the Project, are collectively referred to as the "System"); and (ii) to pay costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on September 5, 2007 , and a Supplemental Resolution duly adopted by the Issuer on September 5, 2007 (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 JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (I) WATER REVENUE BONDS, SERIES 1994 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 22, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $360,000; (II) WATER REVENUE BONDS, SERIES 1994 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 3, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $77,000; (III) WATER REVENUE BONDS, SERIES 1997 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 11, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000; (IV) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $300,000; AND (V) WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $40,000, (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, junior and subordinate with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the

CANCELLED
PAID IN FULL
DATE: 12.04.08
BY : BBM

principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose.

This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, 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 moneys 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

CANCELLED
PAID IN FULL
DATE: 12.04.08
BY : BBM

costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

Under the Act, this Bond is exempt from taxation by the State of West Virginia and other taxing bodies of the State.

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.

[Remainder of Page Intentionally Blank]

CANCELLED
PAID IN FULL
DATE: 12.04.08
BY : BBM

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

[SEAL]

Chairperson

ATTEST:

Secretary

CANCELLED
PAID IN FULL
DATE: 12.04.08
BY : RBM

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: September 13, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

CANCELLED
PAID IN FULL
DATE: 12.04.08
BY : BBM

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$68,229	September 13, 2007	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

CANCELLED
PAID IN FULL
DATE: 12.04.08
BY: BBM

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

$68,229

Friendly Public Service District (West Virginia)

20 Years; 0% Interest Rate

Closing Date: September 13, 2007

CANCELLED
PAID IN FULL
DATE: 12.04.08
BY:

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	853.00	-	853.00
12/01/2008	853.00	-	853.00
03/01/2009	853.00	-	853.00
06/01/2009	853.00	-	853.00
09/01/2009	853.00	-	853.00
12/01/2009	853.00	-	853.00
03/01/2010	853.00	-	853.00
06/01/2010	853.00	-	853.00
09/01/2010	853.00	-	853.00
12/01/2010	853.00	-	853.00
03/01/2011	853.00	-	853.00
06/01/2011	853.00	-	853.00
09/01/2011	853.00	-	853.00
12/01/2011	853.00	-	853.00
03/01/2012	853.00	-	853.00
06/01/2012	853.00	-	853.00
09/01/2012	853.00	-	853.00
12/01/2012	853.00	-	853.00
03/01/2013	853.00	-	853.00
06/01/2013	853.00	-	853.00
09/01/2013	853.00	-	853.00
12/01/2013	853.00	-	853.00
03/01/2014	853.00	-	853.00
06/01/2014	853.00	-	853.00
09/01/2014	853.00	-	853.00
12/01/2014	853.00	-	853.00
03/01/2015	853.00	-	853.00
06/01/2015	853.00	-	853.00
09/01/2015	853.00	-	853.00
12/01/2015	853.00	-	853.00
03/01/2016	853.00	-	853.00
06/01/2016	853.00	-	853.00
09/01/2016	853.00	-	853.00
12/01/2016	853.00	-	853.00
03/01/2017	853.00	-	853.00
06/01/2017	853.00	-	853.00
09/01/2017	853.00	-	853.00
12/01/2017	853.00	-	853.00
03/01/2018	853.00	-	853.00
06/01/2018	853.00	-	853.00
09/01/2018	853.00	-	853.00

$68,229
Friendly Public Service District (West Virginia)
20 Years; 0% Interest Rate
Closing Date: September 13, 2007

CANCELLED
PAID IN FULL
DATE: 12-24-08
BY: BM

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2018	853.00	-	853.00
03/01/2019	853.00	-	853.00
06/01/2019	853.00	-	853.00
09/01/2019	853.00	-	853.00
12/01/2019	853.00	-	853.00
03/01/2020	853.00	-	853.00
06/01/2020	853.00	-	853.00
09/01/2020	853.00	-	853.00
12/01/2020	853.00	-	853.00
03/01/2021	853.00	-	853.00
06/01/2021	853.00	-	853.00
09/01/2021	853.00	-	853.00
12/01/2021	853.00	-	853.00
03/01/2022	853.00	-	853.00
06/01/2022	853.00	-	853.00
09/01/2022	853.00	-	853.00
12/01/2022	853.00	-	853.00
03/01/2023	853.00	-	853.00
06/01/2023	853.00	-	853.00
09/01/2023	853.00	-	853.00
12/01/2023	853.00	-	853.00
03/01/2024	853.00	-	853.00
06/01/2024	853.00	-	853.00
09/01/2024	853.00	-	853.00
12/01/2024	853.00	-	853.00
03/01/2025	853.00	-	853.00
06/01/2025	853.00	-	853.00
09/01/2025	853.00	-	853.00
12/01/2025	852.00	-	852.00
03/01/2026	852.00	-	852.00
06/01/2026	852.00	-	852.00
09/01/2026	852.00	-	852.00
12/01/2026	852.00	-	852.00
03/01/2027	852.00	-	852.00
06/01/2027	852.00	-	852.00
09/01/2027	852.00	-	852.00
12/01/2027	852.00	-	852.00
03/01/2028	852.00	-	852.00
06/01/2028	852.00	-	852.00
Total	**$68,229.00**	-	**$68,229.00**

File | Friendly PSD Loans.sf | IF 8-31-07 | 8/31/2007 | 2:46 PM

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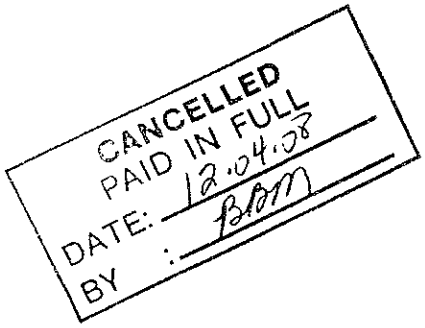

ASSIGNMENT

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: _____, 20___.

_____

In the presence of:

_____

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **December 4, 2008**

Re: **Friendly Public Service District**
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

1. **DISBURSEMENTS TO DISTRICT**:

Payor:	West Virginia Infrastructure and Jobs Development Council
Amount:	$109,316.19
Form:	Wire Transfer
Bank:	WesBanco Bank, Inc.
ABA No.:	043400036
Acct. No.:	0062544804
Contact:	Judy Yeager, 304.652.3151
Account:	Series 2008 A Bonds Construction Trust Fund

2. **DISBURSEMENTS TO MUNICIPAL BOND COMMISSION**

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2008 A Bonds Proceeds
Amount:	$66,695.96
Form:	Wire
Payee:	Friendly Public Service District
ABA No:	051503394
Account No:	5270517317
Bank:	BB&T for the benefit of Municipal Bond Commission
Contact:	Sara Boardman

3. **DISBURSEMENTS TO WESBANCO BANK**

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2008 A Bonds Proceeds
Amount:	$38,342.85
Form:	Wire
Payee:	Friendly Public Service District
ABA No:	043400036
Account No:	For the Benefit of Friendly Public Service District Loan #7200110869
Bank:	WesBanco
Contact:	Judith Yeager 652-3151 ext 1800

Total Disbursements: $214,355.00

11.11.08
311200.00004

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

PRECLOSING ATTENDANCE LIST

Date December 2, 2008 Time 2:30pm LGA Friendly PSD Program IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Katy Mallory	Steptoe & Johnson	353-8161	353-8181	Katy.mallory@steptoe-johnson.com
Fred Williams	Steptoe & Johnson	353-8156	353-8181	Katy.Mallory@steptoe-johnson.com
Barbara P. Meadows	Water Development Authority	558-3612 X103	558-0299	bmeadows@wvwda.org
Ryan White	Jackson Kelly	340-1283	340-1272	srwhite@jacksonkelly.com
Sammie Lee	Jackson Kelly PLLC	340.1318	340.1272	slee@jacksonkelly.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Robert Patterson Telephone 304.652-1401 E-Mail patpsd@hughes.net

Address P.O. Box 138, Friendly, WV 26146

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

Friendly Public Service District

Requisition No.1 **November 17, 2008**

RESOLUTION OF THE FRIENDLY PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED WATER PROJECT AND AUTHORIZING PAYMENT THEREOF,

Vendor		Total	IJDC
Friendly PSD - Wesbanco	Line of credit	37,204.10	37,204.10
Frederick M. Dean Rohrig 225-1/2 Main Street Middlebourne, WV 26149	Legal Services	14,000.00	14,000.00
Steptoe & Johnson P.O. Box 1588 Charleston, WV 25326	Bond Counsel	20,000.00	20,000.00
Steptoe & Johnson P.O. Box 1588 Charleston, WV 25326	Special PSC Counsel	7,500.00	7,500.00
Huntington Bank c/o Steptoe & Johnson P.O. Box 1588 Charleston, WV 25326	Registrar	500.00	500.00
WV Municipal Bond Commission (electronic transfer)	Design Loan Payoff (Series 2007)	66,695.96	66,695.96
Cerrone Associates, Inc. 401 Main Street Wheeling, WV 26003	Engineering	64,738.10	64,738.10
Griffith & Associates 950 Little Coal River Road Alum Creek, WV 25003	Accounting	825.00	825.00
TOTAL		211,463.16	211,463.16

WHEREAS, the Friendly Public Service District has reviewed the invoices attached hereto and incorporated herein by reference relation to the construction of the Water Construction Project funded by the West Virginia Infrastructure & Jobs Development Council (IJDC) and find as follows:

a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.

b) That each item for which the payment is proposed to be paid 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.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED The Friendly Public service District by as follows: There is hereby authorized and directed the payment of the attached invoices listed above:

ADOPTED BY the Friendly Public Service District, at the meeting held on the 17th day of November, 2008.

By: Arthur W. Mason
Its: Chairman

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SWEEP RESOLUTION

Friendly Public Service District

WHEREAS, Friendly Public Service District (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Chairman, Secretary and Treasurer are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 4th day of December, 2008.

Arthur W. Mason

Chairman

EXHIBIT A

List each bond issue account and the Bank account number
from which the electronic transfer will be made.

Bond Issue	Bank Account Information Last 4 Digits	Monthly Amount
Water Revenue Bonds, Series 2005 A Sinking Fund	0095	$645.17
Water Revenue Bonds, Series 2005 A Reserve Account	0095	$64.52
Water Revenue Bonds, Series 2005 B Sinking Fund	0095	$608.38
Water Revenue Bonds, Series 2005 B Reserve Account	0095	fully funded
Water Revenue Bonds, Series 1994 A Reserve Account	0095	fully funded
Water Revenue Bonds, Series 1994 B Reserve Account	0095	fully funded
Water Revenue Bonds, Series 1997 Reserve Account	0095	fully funded
Water Revenue Bonds, Series 2008 A Sinking Fund	0095	TBD
Water Revenue Bonds, Series 2008 A Reserve Account	0095	TBD

Required:

Email for main contact: patpsd@hughes.net

FRIENDLY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

RECEIPT AND RELEASE

WESBANCO BANK, INC., as the holder of the Friendly Public Service District's Loan number 0000007200110869, dated September 26, 2007, in the original aggregate principal amount of $300,000 (the "WesBanco Loan"), hereby certifies that it has this day received the sum of $38,342.85 from the Friendly Public Service District's and that such sum is sufficient to pay the entire principal amount of and interest accrued on the WesBanco Loan to the date hereof and discharge the liens, pledges and encumbrances securing the WesBanco Loan.

Dated this 4th day of December, 2008.

WESBANCO BANK INC

By: _____
Its: Authorized Officer

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