HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

Date of Closing: August 1, 2002

BOND TRANSCRIPT

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BOND TRANSCRIPT

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HANCOCK COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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HANCOCK COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (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 HANCOCK COUNTY 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. Hancock County Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Hancock County of said State.

B. The Issuer presently owns and operates a public sewerage 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 sewerage facilities of the Issuer, consisting of constructing extensions to approximately 185 new customers in the New Cumberland Heights and Johnsonville Road areas of Hancock County, together with all appurtenant facilities (collectively, the "Project"), which constitute public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage 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 intends 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.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than $1,000,000 (the "Series 2002 Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining Costs of the Project (as herein defined) 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 2002 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 Series 2002 Bonds Reserve Account (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 2002 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 2002 Bonds or the repayment of

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

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

F. It is in the best interests of the Issuer that its Series 2002 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.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 Bonds as to liens, pledge, source of and security for payment, being the Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), dated December 7, 1995, issued in the original aggregate principal amount of $289,532, the Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), dated January 9, 1996, issued in the original aggregate principal amount of $1,080,088, the Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), dated December 7, 1995, issued in the original aggregate principal amount of $883,974, and the Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program), dated December 2, 1999, issued in the original aggregate principal amount of $4,996,347 (collectively, the "Prior Bonds").

There is an outstanding obligation of the Issuer which does not have a lien on any revenues of the System, nor is it payable from Net Revenues, being the Issuer's Promissory Note to WesBanco Bank Wheeling dated August 4, 1999, issued in the original principal amount of $80,000.

Prior to the issuance of the Series 2002 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 2002 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.

H. 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 2002 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. 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 2002 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 2002 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 2002 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 2002 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Agreement" means, collectively, the respective Intergovernmental Agreements by and between the Issuer and the City of New Cumberland and the City of Chester, the respective Water Service Termination Agreements by and between the Issuer and the City of New Cumberland, Tomlinson Public Service District and the City of Chester, and the respective Consumption Reading Agreements by and between the Issuer and the City of New Cumberland, Tomlinson Public Service District and the City of Chester, all as more fully defined and described in the Final Order of the West Virginia Public Service Commission entered on May 15, 2002, in Case No. 01-1599-PSD-CN-PC.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002 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 the Series 2002 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 2002 Bonds for all or a portion of the proceeds of the Series 2002 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 L. Robert Kimball & Associates, Inc. of Moon Township, Pennsylvania, 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 1.02D 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 all monies received by the Issuer on account of any Grant for the Project.

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

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

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

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

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

"Issuer" means Hancock County Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Hancock County, 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, by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2002 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 2002 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2002 Bonds Reserve Account. 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 2002 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 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 2002 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1995 A Bonds, the Series 1995 B, the Series 1995 C Bonds and the Series 1999 Bonds.

"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.

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2002 Bonds and Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2002 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 1995 A Bonds" means the Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), dated December 7, 1995, described in Section 1.02(G) hereof.

"Series 1995 B Bonds" means the Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), dated January 9, 1996, described in Section 1.02(G) hereof.

"Series 1995 C Bonds" means the Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), dated December 7, 1995, described in Section 1.02(G) hereof.

"Series 1999 Bonds" means the Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program), dated December 2, 1999, described in Section 1.02(G) hereof.

"Series 2002 Bonds" means the Issuer's Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), authorized to be issued hereby.

"Series 2002 Bonds Construction Trust Fund" means the Series 2002 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 Bonds Reserve Account" means the Series 2002 Bonds Reserve Account established by Section 5.02 hereof.

"Series 2002 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 Bonds in the then current or any succeeding year.

"Series 2002 Bonds Sinking Fund" means the Series 2002 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2002 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 2002 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2002 Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2002 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 properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewerage or industrial wastes, as presently existing in its entirety or any integral part thereof, and all sewerage 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 sewerage system; and shall also include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage 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; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificates or other document may be executed by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $2,869,312, 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 2002 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.

The cost of the Project is estimated to be $2,869,312, of which approximately $1,000,000 will be obtained from proceeds of the Series 2002 Bonds, and approximately $269,312 will be obtained from a grant by the West Virginia Infrastructure and Jobs Development Council, and approximately $1,410,000 will be obtained from a grant by the Small Cities Block Grant Program, and approximately $190,000 will be obtained from a grant by the Hancock County 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 2002 Bonds, funding a reserve account for the Series 2002 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2002 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 2002 Bonds of the Issuer. The Series 2002 Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 Bonds remaining after funding of the Series 2002 Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest on the Series 2002 Bonds, if any, shall be deposited in or credited to the Series 2002 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 2002 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 2002 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 2002 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 2002 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 2002 Bonds. The Series 2002 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, as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2002 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 2002 Bonds shall cease to be such officer of the Issuer before the Series 2002 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 2002 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 2002 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 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 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 2002 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 2002 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 2002 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 2002 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 2002 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 2002 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 2002 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new 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 2002 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 2002 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002 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 2002 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 2002 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 2002 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 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 2002 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 2002 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 2002 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2002 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 2002 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2002.

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 sewerage 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 sewerage 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 _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (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 SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED DECEMBER 7, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $289,532, SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 9, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,080,088, SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 7, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $883,974, SEWER REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,996,347 (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 2002 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 2002 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 2002 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 Branch Banking and Trust Company, 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 monies received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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, HANCOCK COUNTY 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 _____, 2002.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2002 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: _____, 2002.

BRANCH BANKING AND TRUST
COMPANY, 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:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2002 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 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 Resolution and continued hereby);

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

(3) Series 2002 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 2002 Bonds Sinking Fund; and

(2) Series 2002 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, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in the Series 1995 A Bonds Sinking Fund and the Series 1995 B Bonds Sinking Fund, the amounts required

by the Prior Resolution to pay interest on the Series 1995 A Bonds and the Series 1995 B Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund, the Series 1995 C Bonds Sinking Fund and the Series 1999 Bonds Sinking Fund, the amounts required by the Prior Resolution to pay the principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2002 Bonds, for deposit in the Series 2002 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 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 2002 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 simultaneously remit to the Commission (i) for deposit in the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account, the Series 1995 C Bonds Reserve Account and the Series 1999 Bonds Reserve Account, the amounts, if any, required by the Prior Resolutions; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2002 Bonds, if not fully funded upon issuance of the Series 2002 Bonds, for deposit in the Series 2002 Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 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 an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto),

exclusive of any payments for account of any Reserve Accounts. 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 reinvest in Qualified Investments. Withdrawals and disbursements may be made from the Renewal and Replacement 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 Renewal and Replacement Fund.

Monies in the Series 2002 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2002 Bonds, as the same shall become due. Monies in the Series 2002 Bonds Reserve Account shall, during construction of the Project, be deposited in the Series 2002 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be used only for the purpose of paying principal of and interest, if any, on the Series 2002 Bonds, as the same shall come due, when other monies in the Series 2002 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2002 Bonds Sinking Fund and the Series 2002 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 2002 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 2002 Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2002 Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2002 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 2002 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 2002 Bonds Sinking Fund or the Series 2002 Bonds Reserve Account when the

aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2002 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 2002 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 2002 Bonds Sinking Fund and the Series 2002 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 Series 2002 Bonds Sinking Fund and the Series 2002 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 Bonds Sinking Fund and the Series 2002 Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 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 2002 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 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 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 sum insured by 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 2002 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; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2002 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002 Bonds, there shall first be deposited with the Commission in the Series 2002 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 2002 Bonds for the period commencing on the date of issuance of the Series 2002 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2002 Bonds, there shall be deposited with the Commission in the Series 2002 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002 Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 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 2002 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 2002 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 shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2002 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 2002 Bonds Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2002 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 2002 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 2002 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 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 2002 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002 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 2002 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 2002 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 in and approved by the Final Orders of the Public Service Commission of West Virginia entered on July 13, 1999, and December 5, 2000 and such rates are hereby adopted.

So long as the Series 2002 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 2002 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 2002 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 pay fully 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 2002 Bonds, immediately be remitted to the Commission for deposit in the Series 2002 Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2002 Bonds. Any balance remaining after the payment of the Series 2002 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 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 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 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 2002 Bonds. All obligations issued by the Issuer after the issuance of the Series 2002 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 2002 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 2002 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 2002 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 2002 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 2002 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.

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

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from 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 2002 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 2002 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 2002 Bonds, and shall mail in each year to any Holder or Holders of the Series 2002 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 2002 Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2002 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 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 2002 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 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 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 2002 Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2002 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 2002 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 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 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 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 30 days after the same shall become due and payable, the property and the owner thereof, as well as 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 and any services and facilities of the water system, if so owned by the Issuer, 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 of either the water system or the System 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. If the waterworks facilities are not owned by the Issuer, the Issuer shall use diligent efforts to enter into a termination agreement with the provider of such water services, subject to any required approval of such agreements by the Public Service Commission of West Virginia.

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 2002 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 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 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. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant

shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion and Operation 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 2002 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 2002 Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2002 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2002 Bonds during the term thereof is, under the terms of the Series 2002 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed monies used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2002 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2002 Bonds during the term thereof is, under the terms of the Series 2002 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed monies used or to be used for said Private Business Use,

then said excess over said 5% of Net Proceeds of the Series 2002 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2002 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2002 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2002 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2002 Bonds and the interest, if any, thereon, including, without limitation, the information return required under Section 149(e), if any, of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest, if any, on the Series 2002 Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2002 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 2002 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 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 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 2002 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 2002 Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2002 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 2002 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 2002 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 2002 Bonds as a condition to issuance of the Series 2002 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 2002 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 2002 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 2002 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 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 2002 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 2002 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2002 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 2002 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 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 Series 2002 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2002 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2002 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2002 Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the holders of the Series 2002 Bonds shall be on a parity with those of the holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2002 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 2002 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 2002 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2002 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 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 2002 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2002 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 2002 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 2002 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. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a certificate of public convenience and necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Hancock County Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2002 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2002 Bonds authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 25th of July, 2002.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HANCOCK COUNTY PUBLIC SERVICE DISTRICT on the 25th day of July, 2002.

Dated: August 1, 2002.

[SEAL]

Secretary

07/19/02
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CH536891.1

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2002 (WEST VIRGINIA INFRASTRUCTURE FUND), OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT 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; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Hancock County Public Service District (the "Issuer") has duly and officially adopted a bond resolution on July 25, 2002 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (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 Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or "Series 2002 Bonds"), in the principal amount not to exceed $1,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2002 Bonds (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 provision, interest rate, interest and principal payment dates, sale prices 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 Series 2002 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 provision, 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 HANCOCK COUNTY 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 Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $1,000,000. The Series 2002 Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2042, and shall bear no interest. The principal of the Series 2002 Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004 and maturing June 1, 2042, 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 2002 Bonds. The Series 2002 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 2002 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, including all schedules and exhibits attached thereto, 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 Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2002 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 Series 2002 Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate United National Bank, Weirton, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2002 Bonds proceeds in the amount of -0- shall be deposited in the Series 2002 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2002 Bonds proceeds in the amount of -0- shall be deposited in the Series 2002 Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2002 Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2002 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 2002 Bonds and related costs.

Section 10. 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 2002 Bonds may be delivered on or about August 1, 2002, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof, in part with proceeds of the 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 12. 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 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 Series 2002 Bonds Sinking Fund and the Series 2002 Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer hereby approves and accepts all the Intergovernmental Agreements, Water Service Termination Agreements and Consumption Reading Agreements heretofore approved by the Public Service Commission of West Virginia in connection with this Project.

Section 14. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

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

Adopted this 25th day of July, 2002.

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

By:_____
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Hancock County Public Service District on this 25th day of July, 2002.

Dated: August 1, 2002.

[SEAL]

Secretary

07/17/02
373520.00001

IC-1
(06/06/02)

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").

HANCOCK COUNTY PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the

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 the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that 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.

HANCOCK COUNTY
PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: August 1, 2002

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: August 1, 2002

Attest:

_____
Its: Secretary-Treasurer

000832/00466
07/16/02

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

[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

all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, [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	$ 1,000,000
Purchase Price of Local Bonds	$ 1,000,000

The Local Bonds shall bear no interest. Commencing March 1, 2004, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

1. Sewer Revenue Bonds, Series 1995 A (Wet Virginia Water Development Authority), dated December 7, 1995, issued in the original principal amount of $289,532.

2. Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), dated January 9, 1996, issued in the original principal amount of $1,080,088.

3. Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), dated December 7, 1995, issued in the original principal amount of $883,974.

4. Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program), dated December 2, 1999, issued in the original principal amount of $4,996,347.

SCHEDULE Y

Hancock County PSD (West Virginia)

Loan of $1,000,000
40 Years, 0% Interest Rate
Closing Date: August 1, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	6,493.51	-	6,493.51
6/01/2004	6,493.51	-	6,493.51
9/01/2004	6,493.51	-	6,493.51
12/01/2004	6,493.51	-	6,493.51
3/01/2005	6,493.51	-	6,493.51
6/01/2005	6,493.51	-	6,493.51
9/01/2005	6,493.51	-	6,493.51
12/01/2005	6,493.51	-	6,493.51
3/01/2006	6,493.51	-	6,493.51
6/01/2006	6,493.51	-	6,493.51
9/01/2006	6,493.51	-	6,493.51
12/01/2006	6,493.51	-	6,493.51
3/01/2007	6,493.51	-	6,493.51
6/01/2007	6,493.51	-	6,493.51
9/01/2007	6,493.51	-	6,493.51
12/01/2007	6,493.51	-	6,493.51
3/01/2008	6,493.51	-	6,493.51
6/01/2008	6,493.51	-	6,493.51
9/01/2008	6,493.51	-	6,493.51
12/01/2008	6,493.51	-	6,493.51
3/01/2009	6,493.51	-	6,493.51
6/01/2009	6,493.51	-	6,493.51
9/01/2009	6,493.51	-	6,493.51
12/01/2009	6,493.51	-	6,493.51
3/01/2010	6,493.51	-	6,493.51
6/01/2010	6,493.51	-	6,493.51
9/01/2010	6,493.51	-	6,493.51
12/01/2010	6,493.51	-	6,493.51
3/01/2011	6,493.51	-	6,493.51
6/01/2011	6,493.51	-	6,493.51
9/01/2011	6,493.51	-	6,493.51
12/01/2011	6,493.51	-	6,493.51
3/01/2012	6,493.51	-	6,493.51
6/01/2012	6,493.51	-	6,493.51
9/01/2012	6,493.51	-	6,493.51
12/01/2012	6,493.51	-	6,493.51
3/01/2013	6,493.51	-	6,493.51
6/01/2013	6,493.51	-	6,493.51
9/01/2013	6,493.51	-	6,493.51
12/01/2013	6,493.51	-	6,493.51
3/01/2014	6,493.51	-	6,493.51

Hancock County PSD (West Virginia)

Loan of $1,000,000
40 Years, 0% Interest Rate
Closing Date: August 1, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	6,493.51	-	6,493.51
9/01/2014	6,493.51	-	6,493.51
12/01/2014	6,493.51	-	6,493.51
3/01/2015	6,493.51	-	6,493.51
6/01/2015	6,493.51	-	6,493.51
9/01/2015	6,493.51	-	6,493.51
12/01/2015	6,493.51	-	6,493.51
3/01/2016	6,493.51	-	6,493.51
6/01/2016	6,493.51	-	6,493.51
9/01/2016	6,493.51	-	6,493.51
12/01/2016	6,493.51	-	6,493.51
3/01/2017	6,493.51	-	6,493.51
6/01/2017	6,493.51	-	6,493.51
9/01/2017	6,493.51	-	6,493.51
12/01/2017	6,493.51	-	6,493.51
3/01/2018	6,493.51	-	6,493.51
6/01/2018	6,493.51	-	6,493.51
9/01/2018	6,493.51	-	6,493.51
12/01/2018	6,493.51	-	6,493.51
3/01/2019	6,493.51	-	6,493.51
6/01/2019	6,493.51	-	6,493.51
9/01/2019	6,493.51	-	6,493.51
12/01/2019	6,493.51	-	6,493.51
3/01/2020	6,493.51	-	6,493.51
6/01/2020	6,493.51	-	6,493.51
9/01/2020	6,493.51	-	6,493.51
12/01/2020	6,493.51	-	6,493.51
3/01/2021	6,493.51	-	6,493.51
6/01/2021	6,493.51	-	6,493.51
9/01/2021	6,493.51	-	6,493.51
12/01/2021	6,493.51	-	6,493.51
3/01/2022	6,493.51	-	6,493.51
6/01/2022	6,493.51	-	6,493.51
9/01/2022	6,493.51	-	6,493.51
12/01/2022	6,493.51	-	6,493.51
3/01/2023	6,493.51	-	6,493.51
6/01/2023	6,493.51	-	6,493.51
9/01/2023	6,493.51	-	6,493.51
12/01/2023	6,493.51	-	6,493.51
3/01/2024	6,493.51	-	6,493.51
6/01/2024	6,493.51	-	6,493.51
9/01/2024	6,493.51	-	6,493.51
12/01/2024	6,493.51	-	6,493.51
3/01/2025	6,493.51	-	6,493.51
6/01/2025	6,493.51	-	6,493.51
9/01/2025	6,493.51	-	6,493.51
12/01/2025	6,493.51	-	6,493.51

Hancock County PSD (West Virginia)

Loan of $1,000,000
40 Years, 0% Interest Rate
Closing Date: August 1, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2026	6,493.51	-	6,493.51
6/01/2026	6,493.51	-	6,493.51
9/01/2026	6,493.51	-	6,493.51
12/01/2026	6,493.51	-	6,493.51
3/01/2027	6,493.51	-	6,493.51
6/01/2027	6,493.51	-	6,493.51
9/01/2027	6,493.51	-	6,493.51
12/01/2027	6,493.51	-	6,493.51
3/01/2028	6,493.51	-	6,493.51
6/01/2028	6,493.51	-	6,493.51
9/01/2028	6,493.51	-	6,493.51
12/01/2028	6,493.51	-	6,493.51
3/01/2029	6,493.50	-	6,493.50
6/01/2029	6,493.50	-	6,493.50
9/01/2029	6,493.50	-	6,493.50
12/01/2029	6,493.50	-	6,493.50
3/01/2030	6,493.50	-	6,493.50
6/01/2030	6,493.50	-	6,493.50
9/01/2030	6,493.50	-	6,493.50
12/01/2030	6,493.50	-	6,493.50
3/01/2031	6,493.50	-	6,493.50
6/01/2031	6,493.50	-	6,493.50
9/01/2031	6,493.50	-	6,493.50
12/01/2031	6,493.50	-	6,493.50
3/01/2032	6,493.50	-	6,493.50
6/01/2032	6,493.50	-	6,493.50
9/01/2032	6,493.50	-	6,493.50
12/01/2032	6,493.50	-	6,493.50
3/01/2033	6,493.50	-	6,493.50
6/01/2033	6,493.50	-	6,493.50
9/01/2033	6,493.50	-	6,493.50
12/01/2033	6,493.50	-	6,493.50
3/01/2034	6,493.50	-	6,493.50
6/01/2034	6,493.50	-	6,493.50
9/01/2034	6,493.50	-	6,493.50
12/01/2034	6,493.50	-	6,493.50
3/01/2035	6,493.50	-	6,493.50
6/01/2035	6,493.50	-	6,493.50
9/01/2035	6,493.50	-	6,493.50
12/01/2035	6,493.50	-	6,493.50
3/01/2036	6,493.50	-	6,493.50
6/01/2036	6,493.50	-	6,493.50
9/01/2036	6,493.50	-	6,493.50
12/01/2036	6,493.50	-	6,493.50
3/01/2037	6,493.50	-	6,493.50
6/01/2037	6,493.50	-	6,493.50
9/01/2037	6,493.50	-	6,493.50

Hancock County PSD (West Virginia)

Loan of $1,000,000
40 Years, 0% Interest Rate
Closing Date: August 1, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2037	6,493.50	-	6,493.50
3/01/2038	6,493.50	-	6,493.50
6/01/2038	6,493.50	-	6,493.50
9/01/2038	6,493.50	-	6,493.50
12/01/2038	6,493.50	-	6,493.50
3/01/2039	6,493.50	-	6,493.50
6/01/2039	6,493.50	-	6,493.50
9/01/2039	6,493.50	-	6,493.50
12/01/2039	6,493.50	-	6,493.50
3/01/2040	6,493.50	-	6,493.50
6/01/2040	6,493.50	-	6,493.50
9/01/2040	6,493.50	-	6,493.50
12/01/2040	6,493.50	-	6,493.50
3/01/2041	6,493.50	-	6,493.50
6/01/2041	6,493.50	-	6,493.50
9/01/2041	6,493.50	-	6,493.50
12/01/2041	6,493.50	-	6,493.50
3/01/2042	6,493.50	-	6,493.50
6/01/2042	6,493.50	-	6,493.50
Total	**1,000,000.00**	**-**	**1,000,000.00**

YIELD STATISTICS

Bond Year Dollars	$20,708.33
Average Life	20.708 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	9.25E-11
Bond Yield for Arbitrage Purposes	9.25E-11
All Inclusive Cost (AIC)	9.25E-11

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.708 Years

SCHEDULE Z

None.

IC-2
(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and HANCOCK COUNTY PUBLIC SERVICE DISTRICT (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $269,312 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant 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.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

HANCOCK COUNTY
PUBLIC SERVICE DISTRICT

By: _____

Its: Chairman
Date: August 1, 2002

(SEAL)

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER
D E V E L O P M E N T

AUTHORITY

By: _____

Its: Director
Date: August 1, 2002

(SEAL)

Attest:

Barbara B Meadows

Its: Secretary-Treasurer

000832/00466
7/16/02

Exhibit A

Project Description

The Project consists of construction of sewer extensions to approximately 185 new customers in the New Cumberland Heights and Johnsonville Road areas of Hancock County.

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

August 1, 2002

Hancock County Public Service District
Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the Issuer's certified public accountant dated the date hereof, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund) (the "Series 2002 Bonds"), in the original aggregate principal amount of $1,000,000, by Hancock County Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2002 Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program) and Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program) (collectively, the "Prior Bonds").

Daniel B. Yorkosky
Authorized Representative

011599alj042502.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
05-15-02

Entered: April 25, 2002

CASE NO. 01-1599-PSD-CN-PC

HANCOCK COUNTY PUBLIC SERVICE DISTRICT,
a public utility.
Application for a certificate of convenience and necessity to construct sewer collection system at New Cumberland Heights, New Cumberland and Johnsonville Road, Chester, West Virginia.

RECOMMENDED DECISION

On November 26, 2001, Hancock County Public Service District, a public utility, filed a duly verified application for a certificate of convenience and necessity to construct and operate certain additions and improvements to its sanitary sewer system in Hancock County, West Virginia. This project will extend service to approximately 185 new customers in the New Cumberland Heights and Johnsonville Road areas of Hancock County.

This application had been properly filed with the Commission for prefiling notice on October 15, 2001. A formal Notice of Prefiling had been published for public legal notice on October 3 and 10, 2001, in The Weirton Daily Times and on October 4 and 11, 2001, in the East Liverpool Review. The Weirton Daily Times is a newspaper duly authorized by the West Virginia Secretary of State, published and of general circulation in Hancock County, West Virginia.

The Applicant estimated that construction of this project will cost approximately $3,212,530 and will be financed by a Small Cities Block grant in the amount of $1,410,000; a West Virginia Infrastructure Jobs & Development (WVIJD) grant in the amount of $612,530; a WVIJD loan in the amount of $1,000,000; and a Hancock County EDA grant in the amount of $190,000. The Applicant seeks authorization to charge its current approved rates and charges in order to support this project.

By a formal Notice of Filing entered by the Public Service Commission on November 26, 2001, the Applicant was required to provide public legal notice of this application by causing a copy of said Notice of Filing to be published once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Hancock County, West Virginia, and to make due return to the Commission of proper certification of publication immediately thereafter. The Notice of Filing contained the rates and charges expected to be required by this project

as well as a provision for the filing of written statements of protest, objection or intervention within thirty (30) days from the date of publication. In the absence of protest, objection or intervention, the Commission gave notice that it might waive formal hearing in this matter and enter a decision based on its review of the application and the evidence submitted therewith.

On January 8, 2002, Commission Staff filed its Initial Joint Staff Memorandum in this matter. Staff pointed out that this application also requested Commission consent and approval of two intergovernmental agreements whereby the District's sewerage flows will be treated by the City of New Cumberland Water and Sewer Board plant and the City of Chester Sewer Board plant. Meter reading and termination agreements are also proposed with the New Cumberland Board, the Chester Board and Tomlinson Run Public Service District. Staff's review of these matters was continuing and a final recommendation was promised upon its completion.

On January 9, 2002, a copy of West Virginia NPDES Permit No. WV101729, Modification No. 3, incorporating this project, was filed with the Commission.

By a Commission Referral Order entered January 18, 2002, this matter was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of June 24, 2002.

On February 28 and March 26, 2002, Procedural Orders were entered which required the Applicant to file appropriate proof of publication of the Notice of Filing entered November 26, 2001.

On March 28, 2002, the Applicant filed a duly executed Affidavit of Publication demonstrating publication of the formal Notice of Filing on January 10, 2002, in The Daily Times, a newspaper duly qualified by the Secretary of State, published and of general circulation in the service territory of the Hancock County Public Service District. As of the date of this Recommended Decision, no statements of protest or objection to this application have been filed with the Public Service Commission.

On March 29, 2002, the Staff of the Public Service Commission filed its Final Joint Staff Memorandum in this matter. Pursuant to its review, Commission Staff stated that this project is necessary because the area to be served is plagued by many inadequate and failing private septic systems and leach fields. The Hancock County Health Department has supplied a letter stating that these failing systems have created odor problems and surface discharges which are a health hazard for children and pets. The proposed modern sewer system will improve living conditions and the public health profile of the region. Staff believes this project to be convenient in that the rates required to support the project are the same rates currently charged to the District's existing customers. The funding package is favorable because out of the total cost of $3,212,530, only $1,000,000 is in the form of a loan, and that loan bears an interest rate of 0% for a term of forty (40) years. This project is nearly seventy percent (70%) grant funded.

The District has been issued a permit, No. 14,957, for this project from the State Office of Environmental Health. Additionally, the

District was also granted Modification No. 3 to its existing WV/NPDES Permit No. WV0101729 by the West Virginia Department of Environmental Protection on December 19, 2001, for the areas encompassed by this project. Staff's review of the plans and specifications of this project revealed no apparent violations of the Commission's rules and regulations.

Pursuant to its review, Staff recommended approval of the project funding package, which consists of a Small Cities Block Grant of $1,410,000, a Hancock County EDA grant of $190,000, an Infrastructure and Jobs Development Council (IJDC) grant of $612,530, and an IJDC loan of $1,000,000 with an interest rate of 0% for a term of forty (40) years. All appropriate formal funding commitments were submitted with the application filed in this case.

Sewage collected from the New Cumberland Heights area of this project will be treated by the City of New Cumberland. Sewage collected from the Johnsonville Road area will be treated by the City of Chester. As a result, Intergovernmental Agreements to Provide Sanitary Sewage Treatment, as proposed for execution and use between the District and these utilities have been submitted with this application. These agreements conform to the standard form for such agreements used in other similar cases and Staff recommended approval of these proposed agreements for this project.

Additionally, Water Service Termination Agreements for proposed use by the District and the City of New Cumberland Water and Sewer Board, the Tomlinson Run Public Service District and the City of Chester, providers of public water service in the area of this project, have been submitted. The proposed agreement between the District and the City of Chester contains disconnection and reconnection fees that are higher than those proposed in the other two agreements. The District's tariff sets fees for these services at $15.00 and Staff believes that all three termination agreements should be consistent with that rate. Otherwise, all three agreements are in standard form and Staff recommended approval, with the changes in the fees to make them consistent.

Lastly, the District submitted three Consumption Reading Agreements proposed for execution and use by the District and the three water utilities discussed above. These agreements call for no fee to be charged for meter reading services in the initial one year term, but for an annual reconsideration of the no fee arrangement. Staff recommends approval of these agreements as submitted. However, Staff pointed out that the City of Chester municipal utility is inconsistently referred to in various documents submitted in this case and that the proper legal designation should be determined and used in the final executed documents.

Staff stated that annual operation and maintenance expenses associated with this project are estimated to be $29,666, and are reasonable. Total annual expenses attributable to the project, including O&M, taxes, debt service, debt reserve and the renewal and replacement reserve will be approximately $59,664. The District's current approved rates and charges will generate annual revenues from operations of approximately $85,133, with a debt coverage ratio of 116.38%. It is

Staff's opinion, therefore, that the project is economically feasible and should be approved.

Consequently, based on Staff's review and recommendation and in the absence of any protest or objection, this application will be approved.

FINDINGS OF FACT

1. On November 26, 2001, Hancock County Public Service District, a public utility, filed a duly verified application for a certificate of convenience and necessity to construct and operate certain additions and improvements to its sanitary sewer system in Hancock County, West Virginia. This project will extend service to approximately 185 new customers in the New Cumberland Heights and Johnsonville Road areas of Hancock County. (See, Application filed November 26, 2001).

2. This application had been properly filed with the Commission for prefiling notice on October 15, 2001. A formal Notice of Prefiling had been published for public legal notice on October 3 and 10, 2001, in The Weirton Daily Times and on October 4 and 11, 2001, in the East Liverpool Review. The Weirton Daily Times is a newspaper duly authorized by the West Virginia Secretary of State published and of general circulation in Hancock County, West Virginia. (See, pre-filing documents filed October 15, 2001).

3. By a formal Notice of Filing entered by the Public Service Commission on November 26, 2001, the Applicant was required to provide public legal notice of this application by causing a copy of said Notice of Filing to be published once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Hancock County, West Virginia, and to make due return to the Commission of proper certification of publication immediately thereafter. The Notice of Filing contained the rates and charges expected to be required by this project as well as a provision for the filing of written statements of protest, objection or intervention within thirty (30) days from the date of publication. In the absence of protest, objection or intervention, the Commission gave notice that it might waive formal hearing in this matter and enter a decision based on its review of the application and the evidence submitted therewith. (See, Notice of Filing entered November 26, 2001).

4. On March 28, 2002, the Applicant filed a duly executed Affidavit of Publication demonstrating publication of the formal Notice of Filing on January 10, 2002, in The Daily Times, a newspaper duly qualified by the Secretary of State, published and of general circulation in the service territory of the Hancock County Public Service District. (See, Affidavit of Publication filed March 28, 2002).

5. As of the date of this Recommended Decision, no statements of protest or objection to this application have been filed with the Public Service Commission. (See, Commission case file generally).

6. Pursuant to its review of this application, Commission Staff has stated that this project is necessary because the area to be served is

plagued by many inadequate and failing private septic systems and leach fields. The Hancock County Health Department has supplied a letter stating that these failing systems have created odor problems and surface discharges which are a health hazard for children and pets. The proposed modern sewer system will improve living conditions and the public health profile of the region. (See, Final Joint Staff Memorandum filed March 28, 2002).

7. Commission Staff believes this project to be convenient in that the rates required to support the project are the same rates currently charged to the District's existing customers. The funding package is favorable because out of the total cost of $3,212,530, only $1,000,000 is in the form of a loan and that loan bears an interest rate of 0% for a term of forty (40) years. This project is nearly seventy percent (70%) grant funded. (See, Final Joint Staff Memorandum filed March 26, 2002).

8. The District has been issued a permit, No. 14,957, for this project from the State Office of Environmental Health. Additionally, the District was also granted Modification No. 3 to its existing WV/NPDES Permit No. WV0101729 by the West Virginia Department of Environmental Protection on December 19, 2001, for the areas encompassed by this project. (See, Final Joint Staff Memorandum filed March 26, 2002; permit filed January 9, 2002).

9. Staff's review of the plans and specifications of this project revealed no apparent violations of the Commission's rules and regulations. (See, Final Joint Staff Memorandum filed March 26, 2002).

10. Pursuant to its review, Staff recommended approval of the project funding package, which consists of a Small Cities Block Grant of $1,410,000, a Hancock County EDA grant of $190,000, an Infrastructure and Jobs Development Council (IJDC) grant of $612,530, and an IJDC loan of $1,000,000, with an interest rate of 0% for a term of forty (40) years. All appropriate formal funding commitments were submitted with the application filed in this case. (See, Final Joint Staff Memorandum filed March 26, 2002; Application filed November 26, 2001).

11. Sewage collected from the New Cumberland Heights area of this project will be treated by the City of New Cumberland. Sewage collected from the Johnsonville Road area will be treated by the City of Chester. As a result, Intergovernmental Agreements to Provide Sanitary Sewage Treatment, as proposed for execution and use between the District and these utilities, have been submitted with this application. These agreements conform to the standard form for such agreements used in other similar cases and Staff recommended approval of these proposed agreements for this project. (See, Final Joint Staff Memorandum filed March 26, 2002; Application filed November 26, 2001).

12. Additionally, Water Service Termination Agreements for proposed use by the District and the City of New Cumberland Water and Sewer Board, the Tomlinson Run Public Service District and the City of Chester, providers of public water service in the area of this project, have been submitted. The proposed agreement between the District and the City of Chester contains disconnection and reconnection fees that are higher than those proposed in the other two agreements. The District's tariff sets fees for these services at $15.00 and Staff believes that all three

termination agreements should be consistent with that rate. Otherwise, all three agreements are in standard form and Staff recommended approval, with the changes in the fees to make them consistent. (See, Final Joint Staff Memorandum filed March 26, 2002; Application filed November 26, 2001).

13. The District has submitted three Consumption Reading Agreements proposed for execution and use by the District and the three water utilities discussed above. These agreements call for no fee to be charged for meter reading services in the initial one year term, but for an annual reconsideration of the no fee arrangement. Staff recommends approval of these agreements as submitted. (See, Final Joint Staff Memorandum filed March 26, 2002).

CONCLUSION OF LAW

Under the facts and circumstances of this case, the analysis and recommendation of Commission Staff, and in the absence of protest or objection, it is reasonable to approve the application filed herein and issue a certificate of convenience and necessity to the Hancock County Public Service District to construct and operate the sewer extension project described in said application.

ORDER

IT IS, THEREFORE ORDERED that the application filed November 26, 2001, by the Hancock County Pubic Service District shall be, and hereby is, approved and that a certificate of convenience and necessity be issued to the District for the construction and operation of the sewer extension project described in said application and the body of this Recommended Decision.

IT IS FURTHER ORDERED that the Hancock County Public Service District is authorized to accept, borrow and execute the following funding for the project herein certificated: a Small Cities Block Grant in the amount of $1,410,000; a Hancock County EDA grant in the amount of $190,000; an Infrastructure and Jobs Development Council grant of $612,530; and an Infrastructure and Jobs Development Council loan of $1,000,000, with an interest rate of 0% for a term of forty (40) years.

IT IS FURTHER ORDERED that the Hancock County Public Service District is authorized to charge and collect its existing rates and charges for all service rendered upon substantial completion of this certificated project, and further, shall notify the Public Service Commission, in writing, when the District's Engineer has completed the Substantial Completion Inspection of this project.

IT IS FURTHER ORDERED that the two Inter-Governmental Agreements to Provide Sanitary Sewage treatment, the three Water Service Termination Agreements, and the three Consumption Reading Agreements submitted with this application shall be approved for the execution and use by the parties thereto, as herein amended by Commission Staff. Duly executed

copies of these agreements shall be filed with the Public Service Commission when formally completed.

IT IS FURTHER ORDERED that, if there is any significant change in the plans, scope, cost or terms and conditions of this project, the Applicant shall file a request for subsequent review and approval of such changes by the Public Service Commission, prior to construction. Further, this matter shall be removed from the Commission's docket of open cases.

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

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

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

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

Thomas N. Trent
Administrative Law Judge

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
7-25-99
by Commission Order

Entered: July 13, 1999

CASE NO. 99-0001-PSD-19A

HANCOCK COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Weirton, Hancock County
Rule 19A application to increase sewer rates and charges including an increase in the minimum charge.

RECOMMENDED DECISION

PROCEDURE

On January 4, 1999, the Hancock County Public Service District (Applicant or District) filed an application with the Public Service Commission, pursuant to Rule 19A of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle (Tariff Rules), requesting an increase in sewer rates and charges for its customers in Hancock County, West Virginia.

On January 25, 1999, the Public Service Commission issued a Referral Order in this matter, referring this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before September 1, 1999. It was further ordered that Commission Staff file its report on or before April 14, 1999.

On April 7, 1999, Staff Attorney Cecelia G. Jarrell filed the Staff 19A Report in this proceeding, prepared by Joseph A. Marakovits, Technical Analyst, Engineering Division, and William A. Nelson, Utilities Analyst, Water and Wastewater Division, recommending approval of the "unconnected customer charge" of $30.08 and an across-the-board percentage increase of 56% to the District's current rates and charges.

By Order entered on April 21, 1999, the District was directed to give notice to its customers of Staff's recommended rates and charges.

On May 10 and 12, 1999, the Commission received protests to the Staff proposed increased rates and charges.

By Order entered May 13, 1999, this matter was set for hearing to be held on Wednesday, June 23, 1999, at 9:30 a.m., in Conference Room 201,

Municipal Plaza, Weirton, West Virginia. It was further ordered that Hancock County Public Service District give notice to its customers of the hearing on the proposed increased rates and charges by publishing a copy of an attached Notice, once a week for two consecutive weeks, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Hancock County, before the June 23, 1999 hearing. Affidavits of publication were to be filed on or before June 23, 1999.

The June 23, 1999 hearing was held as scheduled. Mr. Mark A. Colanatonio, Esquire, appeared on behalf of the Hancock County Public Service District. Ms. Cecelia Jarrell, Esquire, appeared on behalf of Commission Staff, and Protestants were present.

EVIDENCE

Mr. Dan Wilson was called as a witness on behalf of the District. Mr. Wilson is the present Chairman of the Hancock County Public Service District. Mr. Wilson testified that, in terms of the District's initial certificate of need, four hearings were held because of the opposition to the project. According to Mr. Wilson, delays were also experienced because of the King's Creek Interceptor which the City of Weirton was required to correct. Mr. Wilson noted that these factors caused delays and also increased the cost to the District. (Tr., p. 12).

Mr. Wilson noted that there were significant delays in construction, because people refused to give easements to cross their property. Approximately 600 easements were needed. The District had to obtain counsel to actually condemn the property of those persons who would not consent or sign easements voluntarily. These condemnation proceedings were costly and were an extremely long process. (Tr., pp. 13-14).

Once the construction began, it actually took longer than anticipated, which delayed the project and increased the cost to the District. Once the project was built in August of 1997, which was approximately one year after the initially projected date, the District had to file court papers to compel people to connect to the system. (Tr., pp. 15-16). Mr. Wilson commented that, at the beginning of the project, the District had certain expectations about expenses and costs of the project; however, none of the assumptions have proven true. (Tr., p. 18). In Mr. Wilson's opinion, the factors that have led to the District's increased costs are the easement situation; the higher level of treatment costs; and the fact that a number of customers have not connected to the system. (Tr., pp. 18-19). Mr. Wilson noted that, at first it was anticipated that 200 customers would connect, but now it is down to 70. (Tr., p. 19).

Mr. Joseph Marakovits was called as a witness on behalf of Commission Staff. Mr. Marakovits is employed as a Technical Analyst for the Public Service Commission and has been for 12 years. His education is in engineering. Mr. Marakovits testified that he and Bill Nelson, a Financial Analyst for the Commission, reviewed the District's application and made certain recommendations. (Tr., pp. 33-34). Mr. Marakovits testified that, according to the Environmental Protection Agency, the District's vacuum sewer system was an innovative system, which qualified

for increased grant funding for the construction of this project, because this system was cheaper to build than a conventional gravity-type system. As a result of the grants that the District received due to this new technology, it had to borrow less money. (Tr., p. 36).

According to Staff, the City of Weirton had been operating and maintaining the District's system. Weirton had been performing routine daily operation and maintenance inspections on the vacuum stations and on the individual services and had been conducting new inspections for new customers. As already noted, the City of Weirton also treated the sewage from Hancock County. Mr. Marakovits testified that the City of Weirton has terminated these services and the City of New Cumberland is now doing the operation and maintenance for the District. Staff noted that Weirton terminated its service due to a large unpaid bill. (Tr., pp. 37-38). The District is not generating enough revenue to pay all of its debt service and all of its operation and maintenance and treatment expenses. (Tr., p. 39). Mr. Marakovits testified that, in his review of the District's application, he made three adjustments: 1) Account No. 1705, where he recommended a decrease of $8,556 for labor and materials charged by the Weirton Sanitary Board; 2) Account No. 1723, pumping expenses, which increased to $9,608 for purchase of power, which is more reflective of today's operations; and 3) treatment expenses were increased to $6,591, to reflect what the City of Weirton is charging the District for sewage treatment. (Tr., pp. 40-41). Mr. Marakovits testified that the originally anticipated revenue has not occurred and the District had overestimated customer usage. (Tr., pp. 44-45).

Mr. Bill Nelson was called as a witness on behalf of Commission Staff. Mr. Nelson is a Utilities Analyst in the Water and Wastewater Division of the Public Service Commission where he reviews and analyzes cases involving financial issues. Mr. Nelson has been employed by the Commission for nine years and has a degree in finance. Mr. Nelson testified that the Oakland Public Service District (Oakland) handles the billing and collecting for the Hancock County Public Service District. Oakland rents some office space and the District utilizes Oakland's secretary and billing clerk. The District pays $900 a month for these services. (Tr., pp. 46-47). Mr. Nelson testified that approximately 70 customers have not connected to the system. (Tr., p. 48). The District's financial problems exist due to the District's inability to pay current expenses. These expenses include payment to the City of Weirton, payment to the Oakland Public Service District, monthly bills such as phone and power, and insurance and debt payments. Mr. Nelson testified that, when Staff recommended its rates, it only took into consideration the gallons usage, and omitted the customer charge. For the unmetered customers and those who may be subject to the unconnected customer charge, the rate will be $10.16 higher per month. Staff had recommended a rate for unmetered customers of $45.72, but $10.16 should be added to that figure, for a total of $55.88, and, if approved, the unconnected customer charge based on 3,000 gallons would be $30.48, plus the customer charge of $10.16, for a total of $40.64. (Tr., pp. 48-52). When this project was initially proposed, it was projected that the unconnected customers would pay an average bill based on 4,500 gallons, or $35.75; however, by not connecting, they are only being billed the current minimum bill of $6.50 per month, generating a significant shortfall in revenue. Under the Staff proposal, the people that are not

currently connected will see an increase in their bills from $6.50 to $40.64. (Tr., pp. 54-55).

Ms. Thelma Lasure, a Protestant, asked if the people who have not connected could be forced to connect. Mr. Colanatonio, counsel for the District, stated that District can get an order to compel from the Circuit Court, but, practically speaking, it may not be enforcable. (Tr., p. 77). Mr. Colanatonio also noted that it takes money to compel people to connect. (Tr., p. 78). Ms. Lasure stated that she has lived in the County since 1952, with a good septic system. According to Ms. Lasure, there was no need for the system. Mr. Colanatonio responded by saying that the Health Department determined that there was a need for a sewer system. (Tr., p. 80).

Mr. Jeff Ewaskey, a Protestant, stated that, if there was so much opposition, why was the system built. Mr. Colanatonio stated that the Health Department received complaints that sewage was running into the creeks. (Tr., p. 82). Mr. Ewaskey stated that, before the sewer system was built, his water bill averaged $20 to $25 per month. It has now jumped 200%. (Tr., p. 85).

Ms. Cindy Harcharik, a Protestant, stated that, if it was determined to be such a necessary system, why do some customers have access to it and others don't. Mr. Colanatonio responded by saying that the engineers designed the system to be as cost-efficient as possible. It may be too expensive to reach certain homes. (Tr., p. 86).

Mr. Eric Wagner, a Protestant, stated that he cannot afford the rates to go any higher. (Tr., p. 95).

On July 9, 1999, Staff Attorney Jarrell filed a Post-Hearing Exhibit prepared by William A. Nelson, Utilities Analyst, Water and Wastewater Division, and Joseph A. Marakovits, Technical Analyst, Engineering Division. According to Staff, its prior recommended rates were miscalculated and resulted in excessive revenues being generated. In addition, the District has now fully funded its debt reserve and the future connection reserve has been decreased to reflect the average number of new connections per year. Given these adjustments, Staff has recommended a 37.4% increase in the District's rates and charges, compared to its original recommendation of a 56% increase. Staff noted that these rates will generate an additional $101,172 in annual operating revenues and provide a cash flow surplus of approximately $1,650 and a coverage ratio of 123.73%.

DISCUSSION

The cost to obtain easements, the higher cost of treatment and the fact that as many as 70 customers refused to connect to the system have increased costs and decreased revenues for the District. These costs must be borne by the customers. In light of all of the above, the revised Staff-recommended rates and charges are necessary to maintain Hancock County Public Service District's sewer system.

FINDINGS OF FACT

1. Mr. Wilson, Chairman of the Hancock County Public Service District, testified that the factors that have led to the District's increased costs are the cost to obtain easements, the cost of treatment being higher than expected and the fact that as many as 70 customers have refused to connect to the system. (Tr., pp. 18-19).

2. Mr. Marakovits of the Public Service Commission testified that the District is not generating enough revenue to pay all of its debt service, operation and maintenance expenses and treatment expenses. (Tr., p. 39).

3. Mr. Marakovits noted that the District's originally anticipated revenues have not occurred and the District has overestimated customer usage. (Tr., pp. 44-45).

4. Mr. Nelson of the Public Service Commission testified that the District's financial problems exist due to the District's inability to pay current expenses. (Tr., p. 48).

CONCLUSION OF LAW

Given the various factors which have increased the District's costs and the lower than anticipated revenues, Staff's revised recommendations are reasonable and necessary to maintain the District's system.

ORDER

IT IS, THEREFORE, ORDERED that the revised Staff-recommended rates and charges for Hancock County Public Service District, be, and hereby are, approved, for all services rendered on and after the date that this Order becomes final. Said rates and charges are as follows:

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

Customer Charge	$ 8.93 per month
Usage Charge	$ 8.93 per 1,000 gallons
Unconnected Customer Charges	$35.72 per month
Unmetered Customer Charge (Flat rate equivalent to 4,500 gallons of water usage per month)	$49.12 per month
Connection Charge: Subsequent to construction adjacent to the Customer's property	$300.00

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, 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.

INCREMENTAL COST OF WATER PRODUCED

$2.13 per M gallons. To be charged for all water billed in excess of the customer's historical usage when the bill reflects unusual consumption which is attributed to eligible leakage on the customer's side of the meter.

IT IS FURTHER ORDERED that the proposed loan of $80,000 from Wesbanco at 9% interest for five and one-half years be, and it hereby is, approved.

* IT IS FURTHER ORDERED that the District file for a rate review and approval of an amended intergovernmental agreement for sewage treatment one year after rates in this case become effective.

IT IS FURTHER ORDERED that the District request that the City of New Cumberland keep the cost of making new connections separate from other operations and maintenance expenditures for Hancock County Public Service District.

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

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.

Miles C. Cary
Administrative Law Judge

MCC:mal
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West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
William J. Harman, PE, Vice Chairman
Grafton
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Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

August 4, 2000

Mr. Dan Wilson, Chairman
Hancock County Public Service District
R.D. #1 Box 166R
Weirton, West Virginia 26062

Re: Sewer system upgrade project 96S-248

Dear Mr. Wilson:

The West Virginia Infrastructure and Jobs Development Council, at its August 2, 2000 meeting, voted to offer the Hancock County Public Service District (the "District") a Binding Commitment for an Infrastructure Fund loan of $1,000,000 and an Infrastructure Fund grant of $612,530 to complete the funding for the District's sewer line extension to serve the areas of Johnsonville and New Cumberland Heights (the "Project"). The Council proposes to offer this assistance for a term of 40 years with 0% interest.

It is the Council's understanding that the additional funding required for this Project has already been committed. This funding includes a Hancock County Economic Development Authority contribution of $190,000, and a Small Cities Block Grant of $1,500,000, hereby completing the financing of this $3,302,530 Project.

The Council also determined that in order to receive the proposed Binding Commitment, the District must adhere to a certain project schedule. Additionally, any Binding Commitment issued will be contingent upon the availability of Infrastructure funds, which is expected to be realized with the anticipated Revenue Bond Issue in October.

Please call Katy Mallory at 558-4607 to establish the necessary project schedule and finalize the proposed Binding Commitment.

Sincerely,

James D. Williams

JDW/rc
cc: Debbie Legg, WVDO
J. Michael Johnson, PE, DEP
Region XI P&D Council

West Virginia Infrastructure & Jobs Development Counc

Public Members:
James D. Williams, Chairman
St. Albans
William J. Harman, PE, Vice Chairman
Grafton
Dwight Calhoun
Petersburg
William P. Stafford, II, Esquire
Princeton

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

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

November 15, 2000

Mr. Dan Wilson, Chairman
Hancock County Public Service District
R.D. #1 Box 166R
Weirton, West Virginia 26062

Re: Binding Commitment Letter
Sewer System Project (Johnsonville/New Cumberland)
Project 96S-248

Dear Mr. Wilson:

The West Virginia Infrastructure and Jobs Development Council (the "Council") provides this binding offer of an Infrastructure Fund loan of approximately $1,000,000 (the "Loan") and a grant of approximately $612,530 (the "Grant") to the Hancock County Public Service District (the "District") for the above referenced sewer extension project. (Project) The Loan and Grant will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan and Grant amounts will be established after the District has received acceptable bids for the Project. The Council will set aside a portion of the bond proceeds currently deposited in the Infrastructure Fund to make this Loan and Grant upon the District's compliance with the program requirements. The Loan and Grant agreements will be between the District and the West Virginia Water Development Authority (Authority), acting on behalf of the Council.

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

a. Plans and Specification submitted to the Bureau for Public Health no later than June 1, 2001
b. File Certificate Case with the Public Service Commission no later than August 1, 2001
c. Advertise for bids no later than November 15, 2001
(The District must receive authority from the Council before bidding the project.)

The Council reserves the right to withdraw this Loan and Grant commitment if any of the above or attached schedule dates are not met. The Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the 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 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 Council if any of the other dates on the attached schedule have or will not be met.

The Authority will enter into Loan and Grant agreements with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Council.

No statements or representations made before or after the issuance of this contingent commitment by any person, member of the Council, or agent or employee of the 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 Council.

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

Sincerely,

James D. Williams

James D. Williams

JDW/km
Attachments
cc: Barb Zimrox, BHJ
Tracy Rowan, WVDO
L. Robert Kimball & Associates, Inc.
Mike Johnson, DEP

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Authority at 180 Association Drive, Charleston, WV 25311-1571, and one to the Council.

Hancock County Public Service District

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Hancock County Public Service District
Johnsonville/New Cumberland Sewer Project
Project 96S-248
November 15, 2000

SCHEDULE A

A. Approximate Amount: $1,000,000 Loan
$ 612,530 Grant

B. Loan: $1,000,000

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. Grant: $612,530

1. Grant Advancement Date(s): Monthly, upon receipt of proper requisition and after complete advancement of all other funding except to the extent that the Grant is needed to pay project costs not eligible for payment by the other funding sources.

2. Special Conditions: None

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

D. Other Funding Sources:

Small Cities Block Grant	$1,500,000
Hancock County EDA	$ 190,000

E. Total Project Cost: $3,302,530

F. Proposed User Rates: $32.61 / 4500 gallons

Project Schedule

Project: Hancock County PSD
County: Hancock
Project Number: 96S-248

Funding

IJDC loan	$1,000,000
IJDC Grant	$ 612,530
Hancock EDA	$ 190,000
SCBG	$1,500,000
Total:	$3,302,530

Action	Responsible Party	Start	Completion
Engineering Agreement	L. Robert Kimball	November 15, 2000	November 30, 2000
Prepare & Submit Plans & Specs to BPH	L. Robert Kimball	December 1,2000	June 1, 2001
Environmental Review	L. Robert Kimball	November 15, 2000	June 1, 2001
Prepare & submit permit applications	L. Robert Kimball	December 1,2000	June 1, 2001
Plans & Specs. Review & Approval	BPH	June 1, 2001	July 16, 2001
Prepare Rule 42	Accountant	June 8, 2001	July 20, 2001
Pre-File with the PSC	Attorney		July 1, 2001
File Certificate Case with PSC	Attorney		August 1, 2001
Review & Approve PSC Certificate	PSC	August 1, 2001	February 1, 2002
Rights-of-way, Easements & Land Acquisition	Attorney	June 1, 2001	November 1, 2001
Authority to Advertise	IJDC		November 1, 2001
Advertise for Bids	District		November 15, 2001
Bid Opening	District		December 15, 2001
Loan Closing	Bond Counsel		April 15, 2002
Start Construction	District/ Eng. / Contractor	April 2002	January 2003

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the undersigned Chairman of Hancock County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 1st day of August, 2002, the Authority received the Hancock County Public Service District Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), issued in the principal amount of $1,000,000, as a single, fully registered Bond, numbered R-1 and dated August 1, 2002 (the "Bonds").

2. At the time of such receipt, the 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 Bonds, of the sum of $10,500 being a portion of the principal amount of the Series 2002 Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority and the Council as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 1st day of August, 2002.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Chairman

07/12/02
373520.00001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Branch Banking and Trust Company,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. R-1, constituting the entire original issue of the Hancock County Public Service District Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), in the principal amount of $1,000,000, dated August 1, 2002 (the "Bonds"), executed by the Chairman and Secretary of Hancock County Public Service District (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution, both duly adopted by the Issuer on July 25, 2002 (the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement dated August 1, 2002, 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 "Loan Agreement"); and

(4) An 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 Bonds to the Authority upon payment to the account of the Issuer of the sum of $10,500, representing a portion of the principal amount of the 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 this 1st day of August, 2002.

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Chairman

07/17/02
373520.00001

CH536845.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $1,000,000

KNOW ALL MEN BY THESE PRESENTS: That HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION DOLLARS ($1,000,000), 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 March 1, 2004, 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 August 1, 2002.

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 sewerage 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 sewerage 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 July 25, 2002, and

a Supplemental Resolution duly adopted by the Issuer on July 25, 2002 (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 SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED DECEMBER 7, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $289,532, SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 9, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,080,088, SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 7, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $883,974, SEWER REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,996,347 (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 2002 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 2002 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 2002 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 Branch Banking and Trust Company, 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 monies received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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, HANCOCK COUNTY 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 August 1, 2002.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2002 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: August 1, 2002.

BRANCH BANKING AND TRUST
COMPANY, as Registrar

SPECIMEN

Authorized Officer

CH537738.1

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$10,500	August 1, 2002	(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

Hancock County PSD (West Virginia)

Loan of $1,000,000
40 Years, 0% Interest Rate
Closing Date: August 1, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	6,493.51	-	6,493.51
6/01/2004	6,493.51	-	6,493.51
9/01/2004	6,493.51	-	6,493.51
12/01/2004	6,493.51	-	6,493.51
3/01/2005	6,493.51	-	6,493.51
6/01/2005	6,493.51	-	6,493.51
9/01/2005	6,493.51	-	6,493.51
12/01/2005	6,493.51	-	6,493.51
3/01/2006	6,493.51	-	6,493.51
6/01/2006	6,493.51	-	6,493.51
9/01/2006	6,493.51	-	6,493.51
12/01/2006	6,493.51	-	6,493.51
3/01/2007	6,493.51	-	6,493.51
6/01/2007	6,493.51	-	6,493.51
9/01/2007	6,493.51	-	6,493.51
12/01/2007	6,493.51	-	6,493.51
3/01/2008	6,493.51	-	6,493.51
6/01/2008	6,493.51	-	6,493.51
9/01/2008	6,493.51	-	6,493.51
12/01/2008	6,493.51	-	6,493.51
3/01/2009	6,493.51	-	6,493.51
6/01/2009	6,493.51	-	6,493.51
9/01/2009	6,493.51	-	6,493.51
12/01/2009	6,493.51	-	6,493.51
3/01/2010	6,493.51	-	6,493.51
6/01/2010	6,493.51	-	6,493.51
9/01/2010	6,493.51	-	6,493.51
12/01/2010	6,493.51	-	6,493.51
3/01/2011	6,493.51	-	6,493.51
6/01/2011	6,493.51	-	6,493.51
9/01/2011	6,493.51	-	6,493.51
12/01/2011	6,493.51	-	6,493.51
3/01/2012	6,493.51	-	6,493.51
6/01/2012	6,493.51	-	6,493.51
9/01/2012	6,493.51	-	6,493.51
12/01/2012	6,493.51	-	6,493.51
3/01/2013	6,493.51	-	6,493.51
6/01/2013	6,493.51	-	6,493.51
9/01/2013	6,493.51	-	6,493.51
12/01/2013	6,493.51	-	6,493.51
3/01/2014	6,493.51	-	6,493.51

Hancock County PSD (West Virginia)

Loan of $1,000,000
40 Years, 0% Interest Rate
Closing Date: August 1, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	6,493.51	-	6,493.51
9/01/2014	6,493.51	-	6,493.51
12/01/2014	6,493.51	-	6,493.51
3/01/2015	6,493.51	-	6,493.51
6/01/2015	6,493.51	-	6,493.51
9/01/2015	6,493.51	-	6,493.51
12/01/2015	6,493.51	-	6,493.51
3/01/2016	6,493.51	-	6,493.51
6/01/2016	6,493.51	-	6,493.51
9/01/2016	6,493.51	-	6,493.51
12/01/2016	6,493.51	-	6,493.51
3/01/2017	6,493.51	-	6,493.51
6/01/2017	6,493.51	-	6,493.51
9/01/2017	6,493.51	-	6,493.51
12/01/2017	6,493.51	-	6,493.51
3/01/2018	6,493.51	-	6,493.51
6/01/2018	6,493.51	-	6,493.51
9/01/2018	6,493.51	-	6,493.51
12/01/2018	6,493.51	-	6,493.51
3/01/2019	6,493.51	-	6,493.51
6/01/2019	6,493.51	-	6,493.51
9/01/2019	6,493.51	-	6,493.51
12/01/2019	6,493.51	-	6,493.51
3/01/2020	6,493.51	-	6,493.51
6/01/2020	6,493.51	-	6,493.51
9/01/2020	6,493.51	-	6,493.51
12/01/2020	6,493.51	-	6,493.51
3/01/2021	6,493.51	-	6,493.51
6/01/2021	6,493.51	-	6,493.51
9/01/2021	6,493.51	-	6,493.51
12/01/2021	6,493.51	-	6,493.51
3/01/2022	6,493.51	-	6,493.51
6/01/2022	6,493.51	-	6,493.51
9/01/2022	6,493.51	-	6,493.51
12/01/2022	6,493.51	-	6,493.51
3/01/2023	6,493.51	-	6,493.51
6/01/2023	6,493.51	-	6,493.51
9/01/2023	6,493.51	-	6,493.51
12/01/2023	6,493.51	-	6,493.51
3/01/2024	6,493.51	-	6,493.51
6/01/2024	6,493.51	-	6,493.51
9/01/2024	6,493.51	-	6,493.51
12/01/2024	6,493.51	-	6,493.51
3/01/2025	6,493.51	-	6,493.51
6/01/2025	6,493.51	-	6,493.51
9/01/2025	6,493.51	-	6,493.51
12/01/2025	6,493.51	-	6,493.51

Hancock County PSD (West Virginia)

Loan of $1,000,000
40 Years, 0% Interest Rate
Closing Date: August 1, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2026	6,493.51	-	6,493.51
6/01/2026	6,493.51	-	6,493.51
9/01/2026	6,493.51	-	6,493.51
12/01/2026	6,493.51	-	6,493.51
3/01/2027	6,493.51	-	6,493.51
6/01/2027	6,493.51	-	6,493.51
9/01/2027	6,493.51	-	6,493.51
12/01/2027	6,493.51	-	6,493.51
3/01/2028	6,493.51	-	6,493.51
6/01/2028	6,493.51	-	6,493.51
9/01/2028	6,493.51	-	6,493.51
12/01/2028	6,493.51	-	6,493.51
3/01/2029	6,493.50	-	6,493.50
6/01/2029	6,493.50	-	6,493.50
9/01/2029	6,493.50	-	6,493.50
12/01/2029	6,493.50	-	6,493.50
3/01/2030	6,493.50	-	6,493.50
6/01/2030	6,493.50	-	6,493.50
9/01/2030	6,493.50	-	6,493.50
12/01/2030	6,493.50	-	6,493.50
3/01/2031	6,493.50	-	6,493.50
6/01/2031	6,493.50	-	6,493.50
9/01/2031	6,493.50	-	6,493.50
12/01/2031	6,493.50	-	6,493.50
3/01/2032	6,493.50	-	6,493.50
6/01/2032	6,493.50	-	6,493.50
9/01/2032	6,493.50	-	6,493.50
12/01/2032	6,493.50	-	6,493.50
3/01/2033	6,493.50	-	6,493.50
6/01/2033	6,493.50	-	6,493.50
9/01/2033	6,493.50	-	6,493.50
12/01/2033	6,493.50	-	6,493.50
3/01/2034	6,493.50	-	6,493.50
6/01/2034	6,493.50	-	6,493.50
9/01/2034	6,493.50	-	6,493.50
12/01/2034	6,493.50	-	6,493.50
3/01/2035	6,493.50	-	6,493.50
6/01/2035	6,493.50	-	6,493.50
9/01/2035	6,493.50	-	6,493.50
12/01/2035	6,493.50	-	6,493.50
3/01/2036	6,493.50	-	6,493.50
6/01/2036	6,493.50	-	6,493.50
9/01/2036	6,493.50	-	6,493.50
12/01/2036	6,493.50	-	6,493.50
3/01/2037	6,493.50	-	6,493.50
6/01/2037	6,493.50	-	6,493.50
9/01/2037	6,493.50	-	6,493.50

Hancock County PSD (West Virginia)

Loan of $1,000,000
40 Years, 0% Interest Rate
Closing Date: August 1, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2037	6,493.50	-	6,493.50
3/01/2038	6,493.50	-	6,493.50
6/01/2038	6,493.50	-	6,493.50
9/01/2038	6,493.50	-	6,493.50
12/01/2038	6,493.50	-	6,493.50
3/01/2039	6,493.50	-	6,493.50
6/01/2039	6,493.50	-	6,493.50
9/01/2039	6,493.50	-	6,493.50
12/01/2039	6,493.50	-	6,493.50
3/01/2040	6,493.50	-	6,493.50
6/01/2040	6,493.50	-	6,493.50
9/01/2040	6,493.50	-	6,493.50
12/01/2040	6,493.50	-	6,493.50
3/01/2041	6,493.50	-	6,493.50
6/01/2041	6,493.50	-	6,493.50
9/01/2041	6,493.50	-	6,493.50
12/01/2041	6,493.50	-	6,493.50
3/01/2042	6,493.50	-	6,493.50
6/01/2042	6,493.50	-	6,493.50
Total	**1,000,000.00**	**-**	**1,000,000.00**

YIELD STATISTICS

Bond Year Dollars	$20,708.33
Average Life	20.708 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	9.25E-11
Bond Yield for Arbitrage Purposes	9.25E-11
All Inclusive Cost (AIC)	9.25E-11

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.708 Years

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

07/19/02
373520.00001

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
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Writer's Contact Information

August 1,2002

Hancock County Public Service District
Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

Hancock Public Service District
Weirton, 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 Hancock Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $1,000,000 Sewer Revenue Bonds, Series 2002 (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 August 1, 2002, 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 March 1, 2004 and maturing December 1, 2025, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to

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the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on July 25, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 25, 2002 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority and the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

We have examined the executed and authenticated Bond numbered R-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

STEPTOE & JOHNSON PLLC

373520.00001
07/18/02

FRANKOVITCH, ANETAKIS, COLANTONIO & SIMON
ATTORNEYS AT LAW

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JOHN J. ANETAKIS *†
M. ERIC FRANKOVITCH *†‡
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August 1, 2002

Hancock County Public Service District
Weirton, 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

Re: Hancock County Public Service District
Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

Dear Ladies and Gentlemen:

We are counsel to Hancock County Public Service District, a public service district, in Hancock County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a loan agreement for the Bonds dated August 1, 2002, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on July 25, 2002, as supplemented by the Supplemental Resolution duly adopted by the Issuer on July 25, 2002 (collectively, the "Resolution"), orders of The County Commission of Hancock 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 Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

We are of the opinion that:

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

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

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

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

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement, and the Resolution and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any order, resolution, agreement, or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order, or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Hancock County, the West Virginia Department of Environmental Protection, and the Council, 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 all requisite orders and approvals from the Public Service Commission of West Virginia, including the Final Order entered on May 15, 2002, in Case No. 01-1599-PSD-CN-PC, among other things, granting a certificate of convenience and necessity for the Project and approving the financing for the Project and the Final Order entered on July 25, 1999, in Case No. 99-0001-PSD-19A, approving the rates and charges for the System. The time for appeal of such Orders has expired prior to the date hereof without any appeal.

7. To the best of our knowledge, there is no action, suit, proceeding, or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated by the Bonds, the Loan Agreement, the Resolution, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues, or pledge of the Net Revenues for the Bonds.

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

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

Very truly yours,

FRANKOVITCH, ANETAKIS,
COLANTONIO & SIMON

Bethsandra L. Hypes

BETHSANDRA L. HYPES

J. PERRY MANYPENNY AND ASSOCIATES
ATTORNEYS AT LAW

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Phone & Fax (304) 387-9898

July 24, 2002

Hancock County Public Service District
124 North Fourth Street, Second Floor
Steubenville, OH 43952

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

Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326

RE: Final Title Opinion for Hancock County Public Service District

Ladies & Gentlemen:

We are counsel to Hancock County Public Service District (the "Issuer") in connection with a proposed project to construct water and sewer lines (the "Project") in the New Cumberland Heights and Johnsonville Road areas of Hancock County. We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Project. Please be advised of the following:

1. We are of the opinion that the Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the BPH [for water projects or DEP for sewer projects].

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. That we 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 L. Robert Kimball & 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 Hancock County, West Virginia, the county in which said Project is to be located. Further, it is my opinion that the Issuer 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:

   A. Legal title, including, as appropriate, easements and/or rights of way, to each of the properties listed below will be acquired through formal condemnation proceedings, if necessary. To the extent such proceedings have not yet been instituted and a right of entry has not yet been secured and recorded for each parcel identified below, such proceedings will be instituted and a right of entry will be secured and recorded prior to the Project loan closing. The Issuer is duly vested with the right of eminent domain and may acquire legal title to the properties listed below.

NONE

   B. Accuracy of descriptions, plats, maps, surveys interlocking lines, encroachments, location of buildings, roads, streets, alleys, right of way easements, marital status of persons, Mechanics Liens not of record, Federal liens not of record, and other matters not of record and permanently and correctly indexed in the Office of the Clerk of the County Commission.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Hancock County to protect the legal title and interest of the Issuer.

If you have any questions regarding any of the information contained in this final title opinion, please contact this office. Thank you.

Sincerely,

Michael W. Lucas III
Attorney at Law
J. Perry Manypenny
& Associates

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(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 ORDER
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS; OTHER FUNDS
15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
16. SPECIMEN BOND
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Hancock County Public Service District in Hancock County, West Virginia (the "Issuer") and the undersigned COUNSEL, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 2002 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 July 25, 2002, and the Supplemental Resolution duly adopted July 25, 2002 (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 Grant proceeds or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of monies and security or the collection of the Gross Revenues or the pledge of the Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding bonds of the Issuer which will rank on a parity with the Series 2002 Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), dated December 7, 1995, issued in the original aggregate principal amount of $289,532, the Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), dated January 9, 1996, issued in the original aggregate principal amount of $1,080,088, the Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), dated December 7, 1995, issued in the original aggregate principal amount of $883,974, and the Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program), dated December 2, 1999, issued in the original aggregate principal amount of $4,996,347 (collectively, the "Prior Bonds"). The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 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.

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

Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Affidavit of Publication on Notice of Meeting to Adopt Bond Resolution

NPDES Permit

Environmental Health Services Permit

Intergovernmental Agreement with the City of New Cumberland

Intergovernmental Agreement with the City of Chester

Water Service Termination Agreements

Consumption Reading Agreements

Series 1995 A and Series 1995 B Bond Resolutions and Supplemental Resolutions

Series 1995 C and Bond Resolution and Supplemental Resolution

Series 1999 Bond Resolution and Supplemental Resolution

Consent of WDA to Issuance of Parity Bonds

Evidence of Insurance

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Hancock County Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Hancock 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
Dan Wilson	August 17, 2000	July 31, 2006
Don M. LeMasters	February 21, 2002	February 20, 2008
Vito Riggi	November 6, 1997	November 30, 2003

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 2002 are as follows:

Chairman	-	Dan Wilson
Secretary	-	Don LeMasters
Treasurer	-	Vito Riggi

The duly appointed and acting counsel to the Issuer is Frankovitch, Anetakis, Colantonio & Simon in Weirton, West Virginia. The duly appointed special counsel for property matters related to the Project is J. Perry Manypenny & Assoc. in Chester, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and

the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds. Counsel to the Issuer expresses no opinion as to this paragraph 7.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors 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 are 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 Final Orders of the Public Service Commission of West Virginia entered on July 13, 1999, and December 5, 2000, in Case No. 99-0001-PSD-19A, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Orders has expired prior to the date hereof without any appeal, and such rates and charges will become effective upon completion of the Project.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered April 25, 2002, in Case No. 01-1599-PSD-CN-PC, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and reaffirming the rates. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

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 R-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 the Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS; OTHER FUNDS: On the date hereof, the Issuer received $10,500.00 from the Authority and the Council, being a portion of the principal amount of the Series 2002 Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses. As of the date hereof, the Small Cities Block Grant in the amount of 1,410,000, the Council grant in the amount of $269,312 and the Hancock County EDA grant in the amount of $190,000 are committed for the Project and in full force and effect.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published any required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

16. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

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. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of HANCOCK COUNTY PUBLIC SERVICE DISTRICT on this 25th day of July, 2002.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Issuer's Counsel

07/12/02
373520.00001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Joseph F. Moon, Jr., Registered Professional Engineer, West Virginia License No. 8518, of L. Robert Kimball & Associates, Inc., in Moon Township, Pennsylvania, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public sewerage facilities (the "System") of Hancock County Public Service District (the "Issuer") to be constructed primarily in Hancock County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on July 25, 2002, and the Loan Agreement for the Bonds, 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 August 1, 2002.

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council and the Authority and any change orders approved by the Issuer, the Authority, 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 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 Schedule A attached hereto as Exhibit A and and in reliance upon the opinion of Frankovitch, Anetakis, Colantonio & Simon, of even date herewith, 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 Council and the bid forms provided to the bidders contain the

critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of Michael DiDomenico, CPA, of even date, as of the effective date thereof, the rates and charges for the System as enacted 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 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 Cost of Financing" for the Project.

WITNESS my signature and seal on this 1st day of August, 2002.

(SEAL)

JOSEPH F. MOON, JR.
REGISTERED
8518
STATE OF
WEST VIRGINIA
Professional Engineer

L. ROBERT KIMBALL & ASSOCIATES, INC.

Joseph F. Moon, Jr., P.E.
West Virginia License No. 8518

07/11/02
373520/00001

CH536610.1

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL
SCHEDULE B
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
JULY 25, 2002

A. Cost of Project	Total	IJDC Grant and Loan	SCBG	Hancock County EDA
1. Construction				
a. Contract 1	$898,145	$337,061.78	$561,083.22	
b. Contract 2	$1,104,485	$418,716.54	$685,768.46	
2. Engineering	$481,886	$269,660.52	$120,000.00	$92,225.48
3. Legal	$50,000	$44,331.68	$4,148.32	$1,520.00
4. Administration	$50,000	$27,206.48	$20,000.00	$2,793.52
5. Sites and other lands	$60,000			$60,000.00
6. LMI Tap Fees	$15,000		$10,000.00	$5,000.00
7. Permits	$9,000		$9,000.00	
8. Accounting	$3,000			$3,000.00
9. Contingency	$186,796	$161,335.00		$25,461.00
10. Total of lines 1-8	$2,858,312	$1,258,312.00	$1,410,000.00	$190,000.00
B. Source of Funds				
11. Local	$190,000			
12. SCBG	$1,410,000			
13.IJDC Grant	$269,312			
14. Total Local and Grant funds	$1,869,312	$1,258,312.00	$1,410,000.00	$190,000.00
15.Net Proceeds required from Bond Issue(line 10-line 14)	$989,000			
C. Cost of Financing				
16. Other Costs				
a. Bond Counsel	$11,000			
17. Total Cost of Financing	$11,000	$11,000.00		
18. Size of Bond Issue (line 15+ line 17)	$1,000,000	$1,269,312.00	$1,410,000.00	$190,000.00

Government Agency

7/25/02
Date

Consulting Engineer

7-25-02
Date

MICHAEL G. DiDOMENICO *Certified Public Accountant*
1008 Main Street
Follansbee, West Virginia 26037

(304) 527-1830
FAX (304) 527-1835

August 1, 2002

Hancock County Public Service District
Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

Hancock County Public Service District
Weirton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the sewer rates and charges set forth in the Final Order of the Public Service Commission of West Virginia in Case No. 99-0001-PSD-19A, entered July 25, 1999, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by L. Robert Kimball & Associates, Inc., Consulting Engineer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of Hancock County Public Service District (the "Issuer"), will provide for all Operating Expenses of the System and will 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 on the Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund) (the "Series 2002 Bonds") to be issued on the date hereof, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 Bonds, including the Issuer's Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), the Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), the Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program) and the Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program) (collectively, the "Prior Bonds").

It is further my opinion that the Net Revenues actually derived from the System during 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2002 Bonds, plus the estimated average increased

annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Series 2002 Bonds, will 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 on the Prior Bonds and the Series 2002 Bonds.

Very truly yours,

Michael G. DiDomenico

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Hancock County Public Service District in Hancock County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,000,000 Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), of the Issuer, dated August 1, 2002 (the "Series 2002 Bonds" or "Bonds"), hereby certify 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 July 25, 2002 (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 August 1, 2002, the date on which the Bonds are being physically delivered in exchange for an initial advance of $10,500, being a portion of the principal of the Series 2002 Bonds (100% par value), 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 2002 Bonds were sold on August 1, 2002, to the Authority, pursuant to a loan agreement dated August 1, 2002, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $1,000,000 (100% of par), at which time, the Issuer received $10,500 from the Authority and the Council, being a portion of the principal amount of the Series 2002 Bonds. No accrued interest has been or will be paid on the Series 2002 Bonds. The balance of the principal amount of the Series 2002 Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2002 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in Series 2002 Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the acquisition and construction of the Project on or before March 1, 2004. The acquisition and construction of the Project is expected to be completed by January 1, 2004.

8. The total cost of the Project financed from the proceeds of the Bonds and the grants described below is estimated at $2,869,312. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2002 Bonds	$ 1,000,000
West Virginia Infrastructure and Jobs Development Council Grant	269,312
Small Cities Block Grant	1,410,000
Hancock County Economic Development Authority Grant	$ 190,000
Total Sources	$ 2,869,312

USES

Acquisition and Construction of Project	$ 2,855,312
Costs of Issuance	14,000
Total Uses	$ 2,869,312

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2002 Bonds:

(1) Revenue Fund;

(2) Renewal Replacement Fund;

(3) Series 2002 Bonds Construction Trust Fund;

(4) Series 2002 Bonds Sinking Fund; and

(5) Series 2002 Bonds Reserve Account.

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

As the Issuer receives advances of the monies derived from the sale of the Series 2002 Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 Bonds Construction Trust Fund and applied solely to payment of the costs of the acquisition and construction of the Project and the costs of issuance and related costs.

11. Monies held in the Series 2002 Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2002 Bonds and will not be available to meet costs of acquisition and construction of the Project. Monies in the Series 2002 Bonds Reserve Account will be used only for the purpose of paying principal of and interest, if any, on the Series 2002 Bonds as the same shall become due, when other monies in the Series 2002 Bonds Sinking Fund are insufficient therefor. Following acquisition and construction of the Project, all investment earnings on monies in the Series 2002 Bonds Sinking Fund and Series 2002 Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2002 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 16 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 2002 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the acquisition and construction of the Project within 19 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

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

23. The Issuer has either (a) funded the Series 2002 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 2002 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2002 Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due, on the Bonds in the then current or any succeeding year. Monies in the Series 2002 Bonds Reserve Account and the Series 2002 Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the acquisition and construction of the Project.

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

25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

WITNESS my signature on this 1st day of August, 2002.

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

By: _____

Its: Chairman

07/17/02
373520.00001

CH536989.1

September 8, 1975 - 4:15 p.m.
Tape 30 - Side 1
319 thru 425

The County Commission met in regular session with President Joseph Manypenny presiding and Commissioner Edward Nogay in attendance. County Clerk George Koncahr, Executive Director of BH, Lowery Bailey, Chief Joseph Aperfine, Hancock County Extension Agent, John L. Lewis, Detective Thomas Matthews, Equitable Insurance representative Wilma Cross, Attorneys Thomas Hagg and Vito Catenaro, and Court Reporter Steve Yurko were also present for the meeting.

The following reports were noted, accepted, and ordered to be filed:

Cemetery Report==Three Springs Cemetery 2 burials for the month of August.
Sheriff's Report==Office monthly report for August-Car repairs, oil, and miscellaneous expense.
Report from Dan Tabler notified the Commission that the Flying Hooves 4-H club would no longer be using the 4-H House Show Ring located on the Children's Home property and the 4-H Foundation would dismantle the ring. The report also stated that the 4-H Foundation sincerely appreciated the cooperation of the commissioners in this matter and are also grateful for the use of the property in the past.

Upon the proper motion and second, the Petition by Ruth Cox Turner, Administratrix, CTA of the Esatate of Golda Reaser Oliver to re-open the estate for the purpose of cashing a check received after the estate had been closed on May 7, 1975 was approved. Motion carried.

Commissioner Nogay made the motion that the bills submitted by Hancock County Bicentennial Chairman John L. Lewis for various Bicentennial Commissions be approved for payment from their county allotments. Second Commissioner Manypenny.

Upon the proper motion and second, the certificate of payment to Harry W. Trushel Construction Company in the amount of $18,270.00 for Renovation of the Health Department was approved. Motion carried.

Commissioner Nogay made the motion that the Sheriff's request to advertise for bids for a new cruiser to replace Car #72 which will be used for a trade-in be tabled till specifications are received from the Sheriff. Second Commissioner Manypenny.

Commissioner Nogay made the motion to table the Sheriff's request to advertise for bids for an unmarked cruiser to be used by the detective. Second Commissioner Manypenny.

Wilma Cross, Representative of Equitable Insurance Co. at this time approached the Commission concerning installing a salary allotment program for additional insurance purchased by employees. Commissioner Nogay made the motion that the Commission would go along with the request to approach individuals for salary allotment program subject to approval of legal counsel and each department head giving approval before Mrs. Cross contacts the department employees. Second Commissioner Manypenny.

Commissioner Nogay made the motion to approve the Sheriff's request to purchase a identification mug camera thru the L.E.A.A. Grant at a purchase price of $625.00.00 Second Commissioner Manypenny.

Commissioner Nogay made the motion that the following order proposing creation of a Public Service District for the purpose of providing sewage service for the general public within Hancock County, West Virginia, as authorized by Chapter 16, Article 13A, to be known as the Hancock County Public Service District be entered. Second Commissioner Manypenny.
(Photocopy on page 36.)

ORDER

That the County Commission of Hancock County, West Virginia, is of the opinion that in order to preserve the public health, comfort, and convenience of the general publice of Hancock County, West Virginia, do hereby propose the creation of a public service district for the purpose of providing sewage service for the general public within Hancock County, West Virginia, as authorized by Chapter 16, Article 13A, to be known as the Hancock County Public Service District;

That the territory to be embraced by the proposed District shall be all land within the boundaries of Hancock County, West Virginia, less however, those sewage authorities within the Cities of Weirton, New Cumberland and Chester, and those areas covered by the existing public service district of Grant Public Service District, Thomlinson Public Service District, Lawrencevelle Public Service District, and the Oakland Public Service District presently authorized to operate sewage service in Hancock County; provided however, that any of the public sewage service districts presently authorized to operate in Hancock County, but not presently furnishing sewage services may and do hereby become a part of the area to be serviced by this proposed Public Sewage Service District.

Further it is the desire of the Hancock County Commission to proceed as soon as possible to comply with the laws of the State of West Virginia in establishing the Hancock County Public Service District, and the same is so ORDERED.

ENTER:

S/ JOSEPH MANYPENNY
PRESIDENT

Commissioner Nogay made the motion that the hearing for the Public Service District for sewage be set for Monday, October 6th at 7:00 p.m. Second Commissioner Manypenny.

Hancock County Extension Agent John L. Lewis at this time presented to the Commission a final report on the Clean Streams Program and files kept by him as Director of the Clean Streams Program.

Commissioner Nogay made the motion to approve bills submitted by Mr. Lewis for the Clean Streams Program. Second Commissioner Manypenny.

Mr. Lewis also presented to the Commission files kept by him as Chairman of the Hancock County American Bicentennial Commission to be turned over to the new chairman.

Commissioner Nogay made the motion to reappoint Charles Padden as a member of the Hancock County Board of Health with the term retroactive to July 1, 1975 and expire July 1, 1980. Second Commissioner Manypenny.

Requisitions #d 37 supplies for the County Clerk's Office, 1393 warning slips and 1394 letters for Car # 74 for the Sheriff's Office, 1650 renewal service & maintenance agreement for Royal typewriter, 1651 renewal subscription to the Weirton Daily Times, 1652 - 1654 for office supplies, 1655 Bicentennial Table Top Exhibit, and 1662 office supplies for the WVU Extension Office were approved by the Commission.

All bills properly signed and submitted were approved by the Commission for payment.

Commissioner Nogay made the motion that the Hearing for the Committee appointment for John W. Archer be continued till Tuesday, September 9th at 4:30 p.m. Second Commissioner Manypenny.

Upon the proper motion and second, the Commission adjourned.

It is hereby ordered and decreed that the above be and they are hereby declared to be the legal transactions of the Commission on this the 8th day of September, 1975.

President

Clerk

September 9, 1975 -- 4:30 P.M.
Tape 30 - Side 1
425 thru 546

The County Commission met in a recessed session with President Joseph Manypenny presiding for the session and Commissioner Edward Nogay in attendance. Others present for the meetin were Mr. Vito Catenaro, Attorney for Wayne V. Archer, Charles W. Archer, Dr. Thomad J. Beynon, Norman Ferrari, Jr., and Attorney Thomas Hagg representing Mr. John Wesley Archer.

The Commission took up the matter of Committee appointment for Mr. John Wesley Archer as requested upon the Petition of Charles W. Archer, Wayne V. Archer and Pauline Swain, children of John Wesley Archer.

Attorney Thomas Hagg objected to proceeding with the hearing because Mr. John Wesley Archer was not present. It was ascertained that he had been duly and properly notified and had refused to appear and Attorney Catenaro stated that the Commission was within its rights to proceed. Commissioner Nogay made the motion that the Commission proceed with the hearing.

A motion by Attorney Hagg to dismiss the hearing because of not enough facts set forth to predicate was over-ruled upon the motion of Commissioner Nogay and second by Commissioner Manypenny.

After hearing testimony from Dr. Thomas J. Beynon regarding the condition of Mr. John Wesley Archer and testimony from the children regarding Mr. Archers conditon, Commssioner Nogay made the motion that the petition for appointment of Committee be granted because th man is not able to take care of himself physically and that the bond be set at $10,000. Commissioner Manypenny second the motion which carried.

Commissioner Nogay moved the appointment of Wayne V. Archer and Charles Archer as Co-comm for John Wesley Archer. Commissioner Manypenny gave a second to the motion which carried.

Upon the proper motion and second, President Manypenny was authorized to go to Charleston on September 17th and September 18th on County Business.

Upon the proper motion and second, the Commission adjourned.

It is hereby ordered and decreed that the above be and they are hereby declared to be the legal transactions of the Commission on this the 9th day of September 1975.

President

Clerk

September 15, 1975 -- 4:15 P.M
Tape 30 - Side 1
546 thru 598

The Commission held its regular session with President Joseph Manypenny presiding and Commissioner Edward Nogay and George Naymick in attendance. Residents of Cameron, Ross, and Chapman Roads Robert Wildman, Paula Patterson, and Noreen Barnhart, Jail Purchasing Agent and Maintenance Supervisor Steve Psaros, Executive Director of BH, Lowery Bailey, a Hancock County Health Board Member Charles Padden were also present for the meeting.

ORDER

That the County Commission of Hancock County, West Virginia, is of the opinion that in order to preserve the public health, comfort, and convenience of the general public of Hancock County, West Virginia, do hereby propose the creation of a public service district for the purpose of providing sewage service for the general public within Hancock County, West Virginia, as authorized by Chapter 16, Article 13A, to be known as the Hancock County Public Service District;

That the territory to be embraced by the proposed District shall be all land within the boundaries of Hancock County, West Virginia, less however, those sewage authorities within the Cities of Weirton, New Cumberland and Chester, and those areas covered by the existing public service district of Grant Public Service District, Tomlinson Public Service District, Lawrenceville Public Service District, and the Oakland Public Service District presently authorized to operate sewage service in Hancock County; provided however, that any of the public sewage service districts presently authorized to operate in Hancock County, but not presently furnishing sewage services may and do hereby become a part of the area to be serviced by this proposed Public Sewage Service District.

Further it is the desire of the Hancock County Commission to proceed as soon as possible to comply with the laws of the State of West Virginia in establishing the Hancock County Public Service District, and the same is so ORDERED.

ENTER:

Joseph Mangiapane
President

ORDER

That the County Commission of Hancock County, West Virginia, on this day, October 14,1975, in order to promote and preserve the public health, comfort and convenience, of the general public of Hancock County, West Virginia, does hereby order the creation of a public service district for the purpose of prviding sewage services for the general public within Hancock County, West Virginia, as authorized by Chapter 16, Article 13A of the West Virginia State Code as amended, to be known as the Hancock County Public Service District;

That such district is created subsequent to a public hearing, properly advertised, having been held on the 6th day of October 1975, at 7:00 p.m. in the Hancock County Courthouse, wherein a discussion by all present was held concerning the formation of the proposed Hancock County Public Service District as required by Statute.

Further, be it ordered that the territory to be embraced by the Hancock County Public Service District shall be all land within the boundaries of Hancock County, West Virginia, less however, those sewage authorities operating within the Cities of Chester, New Cumberland, and Weirton;

Further, it is ordered that those sewage rights previously granted to the public service districts of Lawrenceville Public Service District, Oakland Public Service District, and Tomlinson Public Service District, by this Commission are hereby rescinded and shall become a part of the Hancock County Public Service District, in that none of these districts,

Lawrenceville Public Service District, Oakland Public Service District, and Tomlinson Public Service District, are presently furnishing sewage services as authorized.

ENTERED THIS 14th DAY OF OCTOBER 1975.

S/ Joseph Manypenny
PRESIDENT

February 21, 2002
Hancock County Commission
1:30 PM
Side Two 000 - 475

The Hancock County Commission met in session this 21st day of February 2002, with President Dan Greathouse presiding, the following persons were in attendance: Commissioner John Sorrenti, Commissioner Jeff Davis, County Clerk Eleanor Straight, Assessor Joe Alongi, Assistant Prosecuting Attorney Ton Hagg, County Administrator Chuck Svokas, Administrative Assistants Cindy Jones and Sharon Ulbright.

CITIZENS PRESENTATION

Jamie Cagle representing Reverse 911
Ms Cagle explained to the commissioner's how the system works

Mark Knabenshue Director of Hancock County Senior Center
He updated the commission on the progress of the Senior Centers new building

CORRESPONDENCE

Honorable Ken Morris, Mayor City of Chester - Letter of thanks to the Commission for the donated cruiser

Paul Luicart - AT&T Broadband - Notification that the billing error of a franchise fee has been corrected as of October 21, 2001. Credit to affected customers will be complete by mid March 2002.

NEW BUSINESS

County Commission
Approval of Statement of completion
This is to be made a matter of record

Approval of appointment to Hancock County Public Service District
On a motion by Commissioner Sorrenti to appoint Don M. Lemasters, the commission moved to approve.

Approval to advertise for a mechanic
On a motion by commissioner Sorrenti, the commission moved to approve

Approval of a resolution for Valic Deferred Compensation
On a motion by Commissioner Sorrenti, the commission moved to approve.

Presentation of cruisers
On a motion by Commissioner Sorrenti to present the City of Weirton and the Hancock County Reserves with cruisers, the commission moved to approve.

Sheriff's Department
Request the approval of Chester Smith, 317 Louisiana Avenue, Chester as a new Sheriff Reserve
On a motion by Commissioner Sorrenti, the commission moved to approve

Animal Shelter

Submission of January 2002 Report

State of West Virginia,
County of Hancock

I, ELEANOR STRAIGHT, Clerk of the County Commission of Hancock County, having the custody of the Files, Journals and Records of said Commission, do hereby certify that the foregoing is a true and accurate copy of:

Minutes of the Hancock County Commission

as the same appears of record in my office, in Commission Record *Book No.* 29 *Page* 294, *and I further certify that the same is a full and correct transcript thereof.*

In Witness Whereof, I have set my hand and affixed the seal of said commission at New Cumberland, Hancock County, West Virginia, this 1st *day of* July 2002.

Eleanor Straight

Eleanor Straight, County Clerk
Hancock County, West Virginia

August 17, 2000
Hancock County Commission
2:30 PM Thursday
Cassette side two 160-607

The Hancock County Commission met in session this 17th day of August, 2000 with President Dan Greathouse presiding. The following persons were in attendance, Commissioner John Sorrenti, Commissioner George Kource, County Clerk Eleanor Straight, Assistant Prosecuting Attorney Tom Hagg, County Administrator Chuck Svokas, Administrative Assistants Assistants Cindy Jones and Sharon Ulbright.

CITIZENS PRESENTATION

Ric Rekowski - Mary H. Weir Library
Ric Rekowski spoke on behalf of the Mary H. Weir Library, New Cumberland Library and the Chester LIbrary. Requesting on behalf of the libraries that the Library Levy be put on the November 7, 2000 General Election Ballot. The levy will be for $150,000.00 per year for two years effective July 2001.

CORRESPONDENCE

Honorable Arthur Watson, Mayor of New Cumberland - requesting financial assistance to replace the floor in the Community House for the amount of $30,000.00

Jane Mehaffey, Hancock County Animal shelter - Requesting a budget increase of $3,000.00 for FY 2000-2001
On a motion by Commissioner Sorrenti to table this request and the request from New Cumberland until October. Commission moved to approve.

Rebecca Dragisich,Weirton Transit corporation - A thank you letter to the Commission for their contributions to Weirton Transit.

Oakland Public Service District Board - Requesting financial aid to purchase a new computer, software and programs and training to do the billing.
On a motion by Commissioner Sorrenti to table until October, commission moved to approve.

State of West Virginia,
County of Hancock

I, ELEANOR STRAIGHT, Clerk of the County Commission of Hancock County, having the custody of the Files, Journals and Records of said Commission, do hereby certify that the foregoing is a true and accurate copy of:

Minutes of the Hancock County Commission

as the same appears of record in my office, in Commission Record *Book No.* 29 *Page* 217, *and I further certify that the same is a full and correct transcript thereof.*

In Witness Whereof, I have set my hand and affixed the seal of said commission at New Cumberland, Hancock County, West Virginia, this 1st *day of* July 2002.

Eleanor Straight

Eleanor Straight, County Clerk
Hancock County, West Virginia

NEW BUSINESS

COUNTY COMMISSION - Approval of a resolution for funding a legislative digest grant for Hancock County Parks and Recreation. On a motion by Commissioner Sorrenti the commission moved to approve.

Approval of appointment to the Hancock Solid Waste Authority
Commissioner Kource moved that Mark Vignovic be re-appointed to the Hancock County Solid Waste Authority Commissioner moved to approve.

Approval of appointment to the Grant Publis Service District Board.
Commissioner Kource made a motion to appoint Thelma Evans to the Grant Publice Service Board, Commission moved to approve.

Approval of appointment to the Hancock County Public Service District Board.
Commissioner Kource moved to appoint Dan Wilson to the Hancock County Public Service Board, Commission moved to approve.

Approve of a resolution for the Business Development Program.
On a motion by Commissioner Kource, the commission moved to approve.

On a motion by Commissioner Kource to accept the libraries request to put a levy on the November 7, 2000 General Election Ballot, commission moved to approve.

The Commission moved to recess until Friday August 18, 2000 at 12:00 for the Levy request of the Hancock County Sheltered Workshop to be placed on the November 7, 2000 General Election Ballot.

TABLED MATTER
Requesting $49,000.00 to pay off the balance of a new fire truck by the Newell VFD.
On a motion by Commissioner Kource that they bring the tabled matter forward, the commission moved to approve.
On a motion by commissioner Kource to pay the $49,000.00 balance on the fire truck, the commissione moved to approve.
Commissioner Sorrenti pointed out that these funds were already in the budget.

PROSECUTING ATTORNEY
Approval to substitute securities for Wheeling National Bank
On a motion by Commissioner Kource the commission moved to approve.

ASSESSOR'S OFFICE
Request the approval to hire Michael Koper part-time to fill the temporary vacancy by the sick leave of Bill Riddle. Commissioner Kource moved to accept their request, the commission moved to approve.

MISCELLANEOUS

Approval and authorization for the President to sign overtime orders.
On a motion by Commissioner Kource, the commission moved to approve.

Approval of General County Bills and Requisitions
On a motion by Commissioner Kource to pay the County Bills and requisitions in the amount of $94,907.82, commission moved to approve.

Approval of Fire Levy Bills and Requisitions
On a motion by Commissioner Kource, the commission moved to approve.

Approval of Sheltered Workshop Levy Fund Bills and Requisitions
There were no bills

Approval Library Levy Fund Bills and Requisitions
On a motion by Commissioner Kource , the commission moved to approve.

Approval of minutes of July 5 and 20, 2000
On a motion by Commissioner Kource the minutes were approved with the correction made in the July 20, 2000 minutes that the commission moved to advertise for the Solid Waste Authority member instead of his re-appointment. Commission moved to approve.

Commissioner Sorrenti proposed a compromise to be presented to Senator Bowman. The county's share at $2.2 million with the next $500.000 allocated to the three cities in Hancock County. If the video lottery revenue exceeds #3 million, the cities would take an additional 1/2 of 1% over and above the #3million mark. An intergovernmental agreement would be signed by the three cities and the County commission.
On a motion by Commissioner Sorrenti, that the commission offer this compromise to Senator Bowman by way of a letter Commission moved to approve.

On a motion by Commissioner Kource the commission moved to recess until Friday August 18, 2000 at 12:00 PM

It is hereby ORDERED and DECLARED that the above be and hereby declared to be the legal transactions of the Hancock County Commission this 17th day of August 2000.

Dan Greathouse, President

Eleanor Straight, County Clerk

August 18, 2000
Hancock County Commission
Recess Meeting
12:00 PM Friday
Cassette side one 000-050

The Hancock County Commission met in recessed session this 18th day of August 2000 with President Dan Greathoue presiding. The following persons were in attendance Commissioner Kource, Eleanor Straight County Clerk

County Commission Meeting
21 May 1998
2:30 PM
1 cassette side 094 - 335

e Hancock County Commission met in session this 21st day of May, 1998 with President John Sorrenti esiding. Also in attendance were Commissioner George Kource, Commissioner Dan Greathouse, County Clerk eanor Straight, Sheriff Jeff Woofter, Assistant Prosecuting Attorney Thomas Hagg, County Administrator uck Svokas, Administrative Assistants Cindy Jones and Sharon Ulbright.

TIZEN PRESENTATIONS

NONE

'ECIAL PRESENTATIONS

RECOGNITION OF OFFICERS - DRUG TASK FORCE

The Coordinator of the Multi Jurisdiction Drug Unit in Hancock and Brooke Counties introduced himself and the members of the Drug Unit who were to be honored with an award. The Coordinator reflected on all their hard work and the results there of. President Sorrenti delivered a presentation to each of the five members recognizing their efforts.

RRESPONDENCE

VINCE AZZARELLO, WEIRTON CITY MANAGER - ENHANCED 911 COLLECTIONS

The Commission received a request, from Vince Azzarello, to meet with them in regards to the distribution of Enhanced 911 collections for wireless phones. This was accepted for the record.

DR. JAMES O. BULL - DEAN WEIRTON REGIONAL CAMPUS

Linda Dunn, President of the WV Norther Community College announced that Dr. James O. Bull has accepted the position of Dean of the Weirton Regional Campus effective May 4, 1998. This was accepted as a matter of record.

HOUSE BILL 4713 PASSAGE - INTRA & INTERSTATE TRUCKING

Glen B. Gainer III, State Auditor sent notification of the passing of House Bill 4713 which allows the State Auditor's Office to better track intra and interstate trucking. This was accepted as a matter of record.

JANET KELLER, PRESIDENT LYNN MURRAY MEMORIAL LIBRARY - REQUEST FOR FUNDS

Janet Keller submitted a request for $24,000.00 of video lottery funds to help aid in the purchase of computers and software and capital improvements to the building. This was accepted as a matter of record.

TOM TOMPOS, TNT EXPRESS - REQUEST TO BID FUEL

Tom Tompos submitted a request for permission to bid on fuel for the county. This was accepted as a matter of record.

MIKE SWARTZMILLER PRINCIPAL NEW CUMBERLAND ELEMENTARY SCHOOL - PERMANENT SCHOOL SIGN

Mike Swartzmiller requested permission to erect a permanent school sign at the base of the hill on county property. On a motion by George Kource the Commission moved to approve this request.

EW BUSINESS

HANCOCK PUBLIC SERVICE DISTRICT BOARD - APPOINTMENT

On a motion by George Kource the Commission moved to take this matter from the table. On a motion by George Kource the Commission moved to appoint Vito Riggi to the Hancock Public Service District Board.

RESOLUTION CREATING ECONOMIC DEVELOPMENT AUTHORITY

On a motion by George Kource the Commission moved to adopt the resolution creating and establishing the Hancock County Economic Development Authority. Photocopy Book 4, Page 72

BY LAWS - HANCOCK COUNTY ECONOMIC DEVELOPMENT AUTHORITY

On a motion by George Kource the Commission moved to approve the by-laws for the Hancock County Economic Development Authority.

OATH OF OFFICE

State of West Virginia, Hancock County, to-wit:

I, Don M. Lemasters do solemnly swear that I will support the Constitution of the United States, and of this State; and I further swear that I will faithfully discharge the duties of my office as a member of the Hancock Public Service District Board

Beginning on the 21st day of February ~~19~~ 2002, and ending on the 20th day of February ~~19~~ 2008, to the best of my skill and judgment, so help me God.

Don M Lemasters

Sworn to and subscribed before the undersigned Eleanor Straight in and for the County of Hancock, State of West Virginia, by the said Don M Lemasters this 31st day of May A. D., ~~19~~ 2002

Eleanor Straight

State of West Virginia,
County of Hancock

I, ELEANOR STRAIGHT, Clerk of the County Commission of Hancock County, having the custody of the Files, Journals and Records of said Commission, do hereby certify that the foregoing is a true and accurate copy of:

The Oath of Office of Don M. Lemasters, a member of the Hancock Public Service District Board.

as the same appears of record in my office, in Bond & Oath *Book No.* J *Page* 43, *and I further certify that the same is a full and correct transcript thereof.*

In Witness Whereof, I have set my hand and affixed the seal of said commission at New Cumberland, Hancock County, West Virginia, this 21st *day of* June 2002.

Eleanor Straight

Eleanor Straight, County Clerk
Hancock County, West Virginia

OATH OF OFFICE

State of West Virginia, Hancock County, to-wit:

I, Dan Wilson do solemnly swear that I will support the Constitution of the United States, and of this State; and I further swear that I will faithfully discharge the duties of my office as a member of the Hancock County Public Service District Board

Beginning on the 17th day of August ~~19~~ 2000, and ending on the 31st day of July ~~19~~ 2006, to the best of my skill and judgment, so help me God.

X Dan Wilson

Sworn to and subscribed before the undersigned Eleanor Straight in and for the County of Hancock, State of West Virginia, by the said Dan Wilson this 19th day of June A. D., ~~19~~ 2002

Eleanor Straight

State of West Virginia,
County of Hancock

I, ELEANOR STRAIGHT, Clerk of the County Commission of Hancock County, having the custody of the Files, Journals and Records of said Commission, do hereby certify that the foregoing is a true and accurate copy of:

The Oath of Office of Dan Wilson, a member of the Hancock County Public Service District Board.

as the same appears of record in my office, in Bond & Oath *Book No.* J *Page* 44 *, and I further certify that the same is a full and correct transcript thereof.*

In Witness Whereof, I have set my hand and affixed the seal of said commission at New Cumberland, Hancock County, West Virginia, this 21st *day of* June 2002.

Eleanor Straight

Eleanor Straight, County Clerk
Hancock County, West Virginia

OATH OF OFFICE

State of West Virginia, Hancock County, to-wit:

I, Vito Riggi do solemnly swear that I will support the Constitution of the United States, and of this State; and I further swear that I will faithfully discharge the duties of my office as a member of the Hancock Public Service District Board

Beginning on the 6th day of November 19 97, and ending on the 30th day of November ~~19~~ 2003, to the best of my skill and judgment, so help me God.

x Vito Riggi

Sworn to and subscribed before the undersigned Eleanor Straight in and for the County of Hancock, State of West Virginia, by the said Vito Riggi this 21st day of June A. D., ~~19~~ 2002

Eleanor Straight

State of West Virginia,
County of Hancock

I, ELEANOR STRAIGHT, Clerk of the County Commission of Hancock County, having the custody of the Files, Journals and Records of said Commission, do hereby certify that the foregoing is a true and accurate copy of:...

The Oath of Office of Vito Riggi, member of the Hancock Public Service District Board.

as the same appears of record in my office, in Bond & Oath *Book No.* J *Page* 45*, and I further certify that the same is a full and correct transcript thereof.*

In Witness Whereof, I have set my hand and affixed the seal of said commission at New Cumberland, Hancock County, West Virginia, this 21st *day of* June 2002.

Eleanor Straight

Eleanor Straight, County Clerk
Hancock County, West Virginia

RULES OF PROCEDURE

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: HANCOCK COUNTY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at RD #1, Box 166R (Wylie Ridge Road), Weirton, Hancock County, West Virginia.

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

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

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

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

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

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

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

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

PUBLIC NOTICE OF MEETINGS

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

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Hancock 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 Hancock 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 25th day of July, 2002.

NOTICE OF PRE-FILING

State of West Virginia
Public Service Commission
Charleston

NOTICE IS HEREBY GIVEN that the Hancock County Public Service District, a public utility has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of sewer line extensions to serve approximately 143 customers in the New Cumberland Heights, New Cumberland, and Johnsonville Road, Chester areas of Hancock County, West Virginia.

The project will consist of approximately 31,300 lf of 8" PVC gravity sewers and 140 manholes, with the costs of the project not to exceed $3,302,530.

The District intends to finance the project by the following means:

Small Cities Block Grant	$1,500,000
Hancock County Economic Development Grant	190,000
Infrastructure and Jobs Development Council Grant	612,530
Infrastructure and Jobs Development Council Loan 0% interest for 40 years	1,000,000

The proposed rates for customers in the project area will be the current rates for Hancock County Public Service District residential customers:

Rates		
Customer Charge	$ 8.93	Per month
Usage Charge	$ 8.93	Per 1,000 gallons
Unmetered Customer Charges (Flat rate equivalent to 4,500 gallons of water usage per month)	$ 49.12	Per month
Connection Charge		
During construction adjacent to the Customer's property	$250.00*	
Subsequent to construction adjacent To the Customer's property	$300.00	

* Connection charges for low income individuals (criteria to be determined) will be paid with Small Cities Block Grant Funds.

Delayed Payment Penalty

The above tariff is net. On all current usage billings not paid within twenty (20) days, 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.

Incremental Cost of Wastewater Treated by Weirton

$ 2.13 per M gallons to be used when bill reflects unusual consumption which can be attributed to leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

Incremental Cost of Wastewater Treated by New Cumberland and Chester

$ 3.00 per M gallons to be used when bill reflects unusual consumption which can be attributed to leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

Security Deposit

$ 50.00 to be returned to the Customer after one year if all charges during the year have been paid on time.

Rates and charges will not become effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.

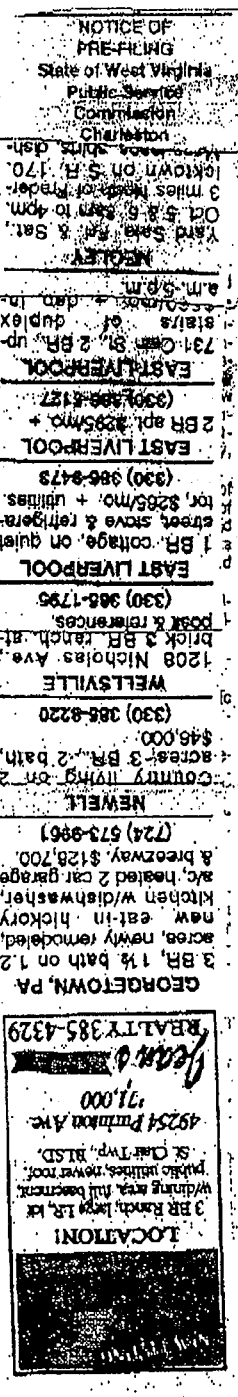
Hancock County Public Service District, a public utility in Hancock County.

Dan Wilson, Chairman

Case: _____
Filed: _____
Fee: _____

PROOF OF PUBLICATION

Newspaper Clipping



LOCATION!
3 BR Ranch, large LR, lot w/dining area, full basement, public utilities, newer roof. St. Clair Twp., BLSD.
49254 Pultston Ave.
$71,000
Richard
BRALTY 385-4329

GEORGETOWN, PA
3 BR, 1½ bath on 1.2 acres, newly remodeled, new eat-in hickory kitchen w/dishwasher, a/c, heated 2 car garage & breezway. $128,700. (724) 573-9961

NEWELL
country living on 2 acres, 3 BR, 2 bath, $46,000. (330) 385-8220

WELLSVILLE
1208 Nicholas Ave., brick 3 BR ranch, at-post & fireances. (330) 385-1795

EAST LIVERPOOL
1 BR cottage, on quiet street, stove & refrigerator, $265/mo. + utilities. (330) 386-9473

EAST LIVERPOOL
2 BR apt. $295/mo. + (330) 386-4127

EAST LIVERPOOL
731 Carr St., 2 BR, upstairs of duplex [illegible] + dep. In-[illegible] a.m.-5 p.m.

NEGLEY
Yard Sale, Fri. & Sat., Oct. 5 & 6, 9am to 4pm. 3 miles North of Negley. [illegible] Dan-[illegible]

NOTICE OF PRE-FILING
State of West Virginia
Public Service Commission
Charleston

The State of Ohio,
Columbiana County,

Monica Conkle being duly sworn, says that she is a Bookeeper of The Review, a newspaper printed, published and of general circulation in the said County of Columbiana; that the notice, of which the attached is a copy, was for a period of 2 day(s) published in said newspaper commencing on the 3RD day of OCTOBER and the last day of publication being OCTOBER 10, 2001.

Monica L Conkle

Subscribed by the said Monica Conkle and sworn to before me this 30th day of October 2001.

Gladys Elaine McCoy
Notary Public
Gladys Elaine McCoy, Notary Public
State of Ohio
My Commission Expires July 2, 2002

Printers Fee: $ 24332

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

ALYSUE ANGUS bookkeeper for the publisher of THE DAILY TIMES, a newspaper in the city of Weirton, State of West Virginia, here certify that the annexed publication was inserted in said newspaper on the following dates:

10-4, 2001

Commencing on this.... 4th day of Oct. 2001
given under my hand this 5th day of Oct. 2001

Alysue Angus

Sworn to and subscribed before me day of 2001

of, in and for HANCOCK COUNTY, WEST VIRGINIA.

NOTARIAL SEAL STATE OF OHIO

NANCY KAUFMANN
Notary Public, State of Ohio
My Commission Expires June 9, 2002

Nancy Kaufmann

NOTICE OF PRE-FILING
State of West Virginia
Public Service
Commission
Charleston

NOTICE IS HEREBY GIVEN that the Hancock County Public Service District, a public utility has given notice to the Public Service Commission of its intent to file an application [illegible]

THE REVIEW
210 E FOURTH ST

EAST LIVERPOOL OH
43920

ADVERTISING INVOICE/STATEMENT

YOUR SALESPERSON IS: MARY BEOHM

PHONE: 330 385 4545

HANCOCK CTY PUBLIC SERVIC
RD #1 BOX 166R

WEIRTON,WV
26062

ATTN: DAN WILSON

STATEMENT NUMBER	BILLING DATE
100202	10/31/01
ACCOUNT NUMBER	**BILLING PERIOD**
E2146	OCTOBER 2001

TERMS OF PAYMENT

PAYMENT IS DUE WITHIN 30 DAYS OF BILLING DATE. A DELINQUENCY CHARGE OF 18.0 % PER ANNUM IS APPLIED TO THE UNPAID BALANCE OF ANY INVOICE NOT PAID WHEN DUE

NAME OF ADVERTISER

HANCOCK CTY PUBLIC SERVIC

DATE	REFERENCE NUMBER	CHARGE OR CREDIT DESCRIPTION / PRODUCT CODE	SAU/ DIMENSIONS	BILLED UNITS	RATE	AMOUNT
		PREVIOUS BALANCE				0.00
10	000098082	NOTICE OF PRE-FILING				243.32

PLEASE REMIT PAYMENT ON TIME. ANY ACCOUN
T WITH 90 OR 120 DAYS OUTSTANDING WILL
HAVE THEIR ADVERTISING SUSPENDED UNTIL
BACK BALANCE IS CLEARED! THANK YOU
AND HAVE A "HAPPY THANKSGIVING"

CASH DISCOUNT	AGING				TOTAL AMOUNT DUE
DEDUCT $ IF PAID WITHIN DAYS	CURRENT	30 DAYS	60 DAYS	90 DAYS	
** NOT APPLICABLE **	243.32	.00	.00	.00	243.32

CLOSING AGENT LEGEND

A. COLOR
B. POSITION
C. PRODUCTION
D. ART
E. PRE-PRINTS
F. PRINTING

TOTAL DISPLAY AMOUNT	TOTAL OTHER CHARGE	TOTAL CREDITS
.00	243.32	.00

CONTRACT INFORMATION

EXPIRATION DATE	REQUIREMENT
CURRENT MONTH	**CUMULATIVE**

REMITTANCE SLIP

PLEASE DETACH AND SEND WITH PAYMENT.

ACCOUNT NUMBER	ACCOUNT NAME
E2146	HANCOCK CTY PUBLIC SERVIC

REMITTANCE ADDRESS

THE REVIEW
210 E FOURTH ST

EAST LIVERPOOL OH
43920

WRITE AMOUNT ENCLOSED

10/31/01 24332 24332

D

Classified Advertising Invoice
Herald-Star
401 Herald Square
Steubenville, Ohio 26062
(740) 283-4711

HANCOCK CTY PUBLIC SER. DIST.

RD#1
BOX 166R
WEIRTON, WV 26062

99047 10-05-01

Classified Advertising Invoice
Herald-Star

Ad # 99047	Cust # L00170	Name HANCOCK CTY PUBLIC			
Phone (740) - 282		Publications C		Runs 1	Lines 129
Class 599	Start 10-04-01	Stop 10-04-01			Words 492
Sol AM	Text NOTICE OF PRE-FILING				Amount Due 78.69
Cost 78.69	Paid 0.00		Discount		
CreditCard					
Order # SEWER LINES			10-05-01		

...er for the publisher of THE DAILY ... West Virginia, here certify that the annexed ... on the following dates:

10-4 2001

Commencing on this 4th day of Oct. 2001
given under my hand this 5th day of Oct. 2001

Alyce Angus

Sworn to and subscribed before me day of 2001

of, in and for HANCOCK COUNTY, WEST VIRGINIA.

NOTARIAL SEAL STATE OF OHIO

NANCY KAUFMANN
Notary Public, State of Ohio
My Commission Expires June 9, 2002

Nancy Kaufmann

income individuals (costs to be determined) will be paid with Small Cities Block Grant Funds.

Delayed Payment Penalty
The above tariff is net. On all current usage billings not paid within twenty (20) days, 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.

Incremental Cost of Wastewater Treated by Weirton
$2.13 per M Gallons to be used when bill reflects unusual consumption which can be attributed to leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

Incremental Cost of Wastewater Treated by New Cumberland and Chester
$3.00 per M gallons to be used when bill reflects unusual consumption which

AFFIDAVIT

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

MELODY BRUCE bookkeeper for the publisher of THE DAILY TIMES, a newspaper in the city of Weirton, State of West Virginia, here certify that the annexed publication was inserted in said newspaper on the following dates:

7-15, 2002

Commencing on this.... 15th day of July 2002
given under my hand this 16th day of July 2002

Melody Bruce

Sworn to and subscribed before me day of 2002

of, in and for HANCOCK COUNTY, WEST VIRGINIA.

NOTARIAL SEAL
STATE OF OHIO

NANCY KAUFMANN
Notary Public, State of Ohio
My Commission Expires June 9, 2007

Nancy Kaufmann

NOTICE OF PUBLIC HEARING OF THE PUBLIC SERVICE BOARD OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT

[illegible]

MINUTES
HANCOCKCOUNTY
PUBLIC SERVICE DISTRICT
Wednesday, May 30, 2002

The meeting was called to order at 5:30 p.m.

Attendance
DanWilson
Vito Riggi
Don LeMasters

Staff/Consultants
Jeff Hughes, Operator
Cindy Jones, County Commission
John Klein, L. Robert Kimball
Barb Zimnox, BHJ
Art Pauley, Assistant Operator

Upon the proper motion and seconded, the election of officers for the calendar year 2002 was approved as follows:

Dan Wilson, Chairman
Vito Riggi, Treasurer
Don LeMasters, Secretary

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF RULES OF PROCEDURE,
BOND RESOLUTION, SUPPLEMENTAL RESOLUTION,
AND RESOLUTION APPROVING INVOICES

The undersigned SECRETARY of the Public Service Board of Hancock County Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Hancock County Public Service District met in special session, pursuant to notice duly posted, on the 25th day of July, 2002, in Weirton, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Chairman	-	Dan Wilson
	Secretary	-	Don LeMasters
	Treasurer	-	Vito Riggi

ABSENT: None.

Dan Wilson, Chairman, presided, and Don LeMasters acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented proposed Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002 (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, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2002 (WEST VIRGINIA INFRASTRUCTURE FUND), OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT 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; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

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

RESOLUTION OF THE BOARD OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE SYSTEM OF THE DISTRICT AND AUTHORIZING PAYMENT THEREOF

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

*** *** ***

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

CERTIFICATION

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

WITNESS my signature on this 1st day of August, 2002.

Secretary

07/12/02
373520.00001

CH537012.1

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

NEW ISSUE REPORT FORM

Date of Report: August 1, 2002

(See Reverse for Instructions)

ISSUE: Hancock County Public Service District Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund)

ADDRESS: RD 1, Box 166R, Weirton, West Virginia 26062 COUNTY: Hancock

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: August 1, 2002 CLOSING DATE: August 1, 2002

ISSUE AMOUNT: $1,000,000 RATE: 0%

1ST DEBT SERVICE DUE: March 1, 2004 1ST PRINCIPAL DUE: March 1, 2004

1ST DEBT SERVICE AMOUNT: $6,493.51 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: 353-8196

UNDERWRITERS COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme L. Gee, Esq.
Phone: 340-1318

CLOSING BANK: United National Bank
Contact Person: Sandy Haraczy
Phone: (304) 723-2000

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Dan Wilson
Position: Chairman
Phone: (304) 797-7487

OTHER: WV Infrastructure & Jobs Development Council
Contact Person: Katy Mallory, P.E.
Function: Executive Secretary
Phone: 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. Fund $_____
____ To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

CH537020.1

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

The United National Bank, Weirton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution of Hancock County Public Service District (the "Issuer"), both adopted July 25, 2002 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), dated August 1, 2002, issued in the principal amount of $1,000,000 (the "Bonds"), as set forth in the Bond Legislation.

WITNESS my signature on this 1st day of August, 2002.

THE UNITED NATIONAL BANK

Sandra D. Haney

Its: Authorized Officer

07/15/02
373520.00001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Hancock County Public Service District Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), dated August 1, 2002, issued in the principal amount of $1,000,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with such Bonds, as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 1st day of August, 2002.

BRANCH BANKING AND TRUST COMPANY

Charlotte S. Morgan

Assistant Vice President

07/12/02
373520.00001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Hancock County Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Hancock County Public Service District Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), of the Issuer, dated August 1, 2002, in the principal amount of $1,000,000, numbered R-1, is 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 Branch Banking and Trust Company, as Registrar.

WITNESS my signature on this 1st day of August, 2002.

BRANCH BANKING AND TRUST COMPANY

Charlotte S. Morgan

Assistant Vice President

07/17/02
373520.00001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2002
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 1st day of August, 2002 by and between HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,000,000 Sewer Revenue Bonds, Series 2002 (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted July 25, 2002, and the Supplemental Resolution of the Issuer duly adopted July 25, 2002 (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: Hancock County Public Service District
RD #1, Box 166 R
Weirton, West Virginia 26062
Attention: Chairman

REGISTRAR: Branch Banking and Trust Company
300 Summers Street
Post Office Box 1793
Charleston, West Virginia 25326-1793
Attention: Corporate Trust Department

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

9. This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

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

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

BRANCH BANKING AND TRUST COMPANY

By: _____
Its: Assistant Vice President

07/17/02
373520.00001

CH537937.1

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(Please see the attached)

03/29/02
373350.00001

BB&T

Branch Banking & Trust Co.

Trust Department

300 Summers Street
P.O. Box 1793
Charleston, WV 25326
(304) 348-7081
(800) 336-5450

August 1, 2002

Hancock County Public Service District
Attention: Chairman
RD #1, Box 166 R
Weirton, WV 26062

RE: Invoice

HANCOCK COUNTY PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS
SERIES 2002 (WV INFRASTRUCTURE FUND)

ONE TIME FEE FOR SERVICES AS REGISTRAR AND
AUTHENTICATING AGENT.....$250.00

Please forward remittance to:

Branch Banking and Trust Co.
Attn: Charlotte S. Morgan
P. O. Box 1793
Charleston WV 25326
Telephone: (304) 348-7239

Division of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Tel. No.: (304) 558-4086 or 558-8855
Fax Number: 304-558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Secretary

December 19, 2001

Dan Wilson, Chairman
Hancock County Public Service District
Post Office Box 166R
Weirton, WV 26062

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0101729
Modification No. 3

Dear Mr. Wilson:

This serves as Modification No. 3 of your existing WV/NPDES Water Pollution Control Permit No. WV0101729, issued the 30th day of June 1999.

After careful review of all information accompanying WV/NPDES Water Pollution Control Permit No. WV0101729 and after consideration of the information submitted on, and with Permit Modification Application No. WV0101729-C, dated the 31st day of May 2001, other relevant information, and additional information received on 10th day of December 2001, the subject Permit is hereby modified to incorporate the following:

1. New Cumberland Heights Area:

   To acquire, construct, install, operate and maintain a wastewater collection system extension to be comprised of approximately 12,300 linear feet of eight(8) inch diameter gravity sewer line, 1,300 linear feet of 10 inch diameter gravity sewer line, 30 linear feet of 15 inch diameter gravity sewer line, all necessary cleanouts and manholes, and all requisite appurtenances.

   Facilities are to serve approximately 90 new customers in the New Cumberland Heights and convey the wastewater to the City of New Cumberland for ultimate treatment and disposal.

2. Johnsonville Area:

   To acquire, construct, install, operate and maintain a wastewater collection system extension to be comprised of approximately 17,400 linear feet of eight(8) inch diameter gravity sewer line, all necessary cleanouts and manholes, and all requisite appurtenances.

   Facilities are to serve approximately 95 new customers in the Johnsonville area and convey the wastewater to the City of Chester for ultimate treatment and disposal.

3. This Permit Modification shall be subject to the terms and conditions of the Bureau of Public Health, Office of Environmental Health Services, Permit No. 14,957, dated the 20th day of July 2001.

4. Hancock County PSD shall ensure and coordinate with the City of New Cumberland and City of Chester to obtain a minor permit modification from this Division to their existing WV/NPDES Water Pollution Control Permit(s) before acceptance of wastewater from New Cumberland Heights and Johnsonville area(s) respectively.

All other terms and conditions of WV/NPDES Water Pollution Control Permit No. WV0101729 shall remain in effect and unchanged.

This Modification shall become effective upon receipt.

Sincerely,

OFFICE OF WATER RESOURCES

Allyn G. Turner

Allyn G. Turner
Director

AGT:bsg

Division of Water Resources
1201 Greenbrier Street
Charleston, West Virginia 25311
Phone (304) 558-4086
Fax (304) 558-5903

COPY

West Virginia Department of Environmental Protection

Bob Wise
Governor

Michael O. Callaghan
Secretary

RECEIVED
AUG 10 2001
L. ROBERT KUNKLER AND ASSOCIATES PITTSBURGH PENNA

August 07, 2001

MR. DAN WILSON, CHAIRMAN
HANCOCK CNTY PSD
PO BOX 166R
WEIRTON, WV 26062

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0115100
General Permit Registration No. WVG072304
Sanitary Sewer Collection System Contract 1 and Contract 2, Hancock County

Dear Permittee:

Attached is a copy of your completed registration form for your activity with the above assigned registration number. You are now authorized to operate under General Permit No. WV0115100. This registration form should be kept with your copy of the General Permit. You should carefully read the contents of the permit and become familiar with all requirements needed to remain in compliance with the permit.

Although you should be aware of all the terms and conditions of this permit, we wish to advise you of the following important requirements:

1. In accordance with Section G.4 of the General Permit, you have developed a complete storm water pollution prevention plan. This plan is to be retained on site and be available for review by the Director or his authorized representative as of the date of your coverage by the General Permit, which is the date of this letter.

2. The erosion control measures approved by this agency for this project shall be maintained in proper condition to individually and collectively perform the functions for which they were designed. In order to insure the efficiency and proper maintenance of these measures, the permittee shall make sufficiently frequent, periodic inspections to detect any impairment of the designed stability, capacity or environmental requirements of the approved measures. The permittee shall take immediate steps to correct any such impairment found to exist.

3. If this SWPPP proves to be ineffective in controlling erosion and the sediment in storm water discharges associated with industrial/construction activities, or site conditions change, the Permittee shall amend the SWPPP and install appropriate sediment and/or control devices in accordance with Section G.4.c) of this permit and the application instructions.

4. The current General Permit expires on December 4, 2002. If you wish to continue an activity regulated by this permit after the expiration date of the permit, provisions for coverage will be made during the public notice process for any new General Permit to be issued at that time.

5. The General Permit Registration may be terminated upon satisfactory stabilization of the construction site. Stabilization means that all disturbed areas and drainage structures are covered by some type of permanent protection. This includes pavement, rock, concrete, pipe, buildings, established grass (that covers more than 70 percent of the ground), or similar materials as approved in the SWPPP. To terminate coverage under the General Permit, the permittee must request a final inspection by submitting a "Notice of Termination" (form enclosed). Upon confirmation that site is stabilized, a prorated invoice for the annual permit fee may be prepared.

The validity of this General Permit Registration is contingent upon payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

Your efforts toward preventing the degradation of our natural resources are greatly appreciated. If you have any questions, please contact Andy Weaks of this Division at (304) 368-3960 or our TDD number (304) 558-2751.

Sincerely,

Allyn G. Turner
Director

AGT:AW

Enclosures

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

115 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616

TELEPHONE 304-558-2981

PERMIT

PROJECT: (Sewage) New Cumberland Heights and Johnsonville Water Line Extension

PERMIT NO.: 14,957

LOCATION: New Cumberland Heights and Johnsonville

COUNTY: Hancock

DATE: 7-20-2001

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

Hancock County Public Service District
Route 1, Box 166R
Weirton, West Virginia 26062

is hereby granted approval to: New Cumberland Heights: install approximately 12,300 LF of 8", 1,300 10" and 30 LF of 15" sewer line and all necessary cleanouts and manholes, with connection to the existing City of New Cumberland sewage facilities. Johnsonville: install approximately 17,400 LF of 8" sewer line and all necessary cleanouts and manholes, with connection to the existing Chester Municipal Water and Sewer Department sewage facilities.

Facilities are to serve 90 new customers in New Cumberland Heights and 95 new customers in Johnsonville.

NOTE: **This permit is contingent upon maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum eighteen (18) inches vertical separation between crossing sewer and water lines, with the water line above the sewer line.**

The Environmental Engineering Division of the Wheeling District Office (304-238-1145) is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:cmh

pc: L. Robert Kimball & Associates, Inc.
City of New Cumberland
Chester Municipal Water & Sewer Department
O. Robert Coontz, P.E., DEP-Construction Assistance Program
Katy Mallory, P.E., WVIJDC
James W. Ellars, P.E., PSC-Engineering Division
Hancock County Health Department
OEHS, EED Wheeling District Office

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

and

MOUNTAINEER PARK, INC.

SEWER FACILITIES USER AGREEMENT

Dates as of July 9, 1999

G:\WPDATA\870873\003\ag01mac.2

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SEWER FACILITIES USER AGREEMENT

This SEWER FACILITIES USER AGREEMENT, dated as of July 9, 1999, between the HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public service district located in Hancock County, West Virginia (the "District") and MOUNTAINEER PARK, INC. a West Virginia corporation (the "Company");

WITNESSETH:

WHEREAS, the Company desires to obtain sewage collection and disposal services to service its facilities located at the Mountaineer Race Track and Resort, located in Hancock County, West Virginia (the "Facility") and the District has agreed to provide sanitary and sewage collection, treatment and disposal services to the Facility;

WHEREAS, the District is authorized and empowered to acquire, construct, maintain and improve sewage treatment and disposal systems, collection lines and all necessary appurtenant facilities, and to accept grants, borrow money and issue revenue bonds payable from the revenues of such sewerage systems;

WHEREAS, the District has determined, through its Governing Body, as hereinafter defined, that it is necessary and desirable to establish certain new sewage, collection, treatment and disposal facilities, consisting of a new sewage treatment plant, collection lines and system, 0.300 MGD sequenting batch reactor ("SBR") and all necessary appurtenances (the "Project");

WHEREAS, the Company has agreed to make certain payments to the District in exchange for the sewerage services provided by the District, as hereinafter described;

WHEREAS, the Company and the District have agreed to establish their respective obligations pursuant to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties agree as follows;

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. If not otherwise defined herein all capitalized, undefined terms used herein shall have the following meanings:

"Agreement" means this Sewer Facilities User Agreement and any amendments and supplements thereto.

"Bond Ordinance" means collectively, the ordinances or resolutions of the District which may be adopted from time to time, authorizing issuance of bonds, notes or other obligations to finance acquisitions and construction of the Project and any additions thereto, as supplemented or amended.

"Business Day" means a day, other than Saturday or Sunday or any legal holiday.

"Company" means (i) Mountaineer Park Inc., which owns and operates the Mountaineer Park Racetrack and Resort located in Hancock County, West Virginia and (ii) any surviving, resulting, or transferee entity.

"Default" means any Default under this Agreement as specified in and defined by Section 6.1 hereof.

"District" means the Hancock County Public Service District, a public service district organized and existing under the laws of the State of West Virginia.

"Facility" has the meaning set out in the preambles hereto.

"Fiscal Year" means the fiscal year of the District, which begins on July 1 of each year and ends on June 30 of the following year.

"Governing Body" means the Board of the District.

"Project" has the meaning set out in the preamble hereto

"Project Operation Costs" shall mean the total sum of all costs associated with the operation and maintenance of the Project during a twelve month period of operation, including but not limited to all costs associated with the operation, maintenance and repair of the treatment plant, pump stations, piping, equipment, facilities, all appurtenances related thereto, together with all administrative costs, bond payments, engineering costs, legal costs, accounting costs and costs of billing; provided, however, that all user fees received from any customer other than the Company served by the Project during the same twelve month period of operation shall be deducted therefrom.

"State" means the State of West Virginia.

ARTICLE II

OPERATING PROVISIONS

Section 2.1 Acquisition and Construction of the Project. The District shall use its best efforts to acquire, construct install the Project by June 31, 2000 provided that there shall be no penalty to the District if the Project is not completed by said date. The District shall operate, maintain and manage the Project and shall possess adequate capacity to provide treatment of all Company's sanitary sewage which is required in order to meet all federal, State and local effluent requirements now or hereafter in effect.

Section 2.2 Capacity: Other Users. During the term of this Agreement the Company may use up to 200,000 gallons per day of the District's capacity: Provided, however, that it is expressly understood and agreed by the parties that no portion of the District's capacity shall be reserved for the exclusive use of the Company and that any portion of the District's capacity may be utilized by the Company or such other industrial, commercial or residential user on a first come/first serve basis.

Section 2.3 Measurement of Volume. The District may, in its discretion and with such frequency as it may deem necessary, measure the volume of the facility's sewage.

Section 2.4 Authorization. The District will obtain, at its expense, all permits, authorizations and approvals which may be required by any local, State or federal regulatory bodies in order for the District to accomplish its obligations hereunder.

Section 2.5 Reduction of Treatment Services; Notices. If for any reason related to the safe operation or necessary maintenance or repair of the Project or the sufficiency of pretreatment of sewage, the District finds it necessary to reduce the volume of the Company's sewage treated or to stop treatment thereof completely, or if the District learns of the imminence of any event which will cause such a reduction or interruption, the District may reduce or interrupt the volume of sewage treated, and in such event shall notify the Company of such reduction or interruption by telephone as soon as possible. Telephone notices shall promptly be confirmed in writing.

Section 2.6 Disputes. The District and the Company will negotiate in good faith to attempt to resolve any dispute which may arise from this Agreement or any circumstance which is not covered by the terms of this Agreement. In the event that the parties are unable to negotiate a resolution of any dispute arising from this Agreement (other than a dispute involving payment of damages or other matters not within the jurisdiction of the Commission) or in the event of a disagreement over the appropriate level of rates and charges to be imposed on the Company by the District, the parties agree that either party shall have the right to petition

the Public Service Commission of West Virginia (the "Commission") to hear and resolve that dispute or fix the appropriate level of rates and charges. The District and the Company agree that with respect to those disputes and disagreements described above over which the Commission has jurisdiction, the submission of such disputes and disagreements to the Commission shall be the sole and exclusive method for resolving such disputes and disagreements; provided, however that either party shall be permitted to appeal any action taken by the Commission in accordance with West Virginia law.

ARTICLE III

FEES FOR SERVICES

Section 3.1 Tap in Fee. The Company shall pay the District the tap in fee established by the District prior to connection to the collection system.

Section 3.2 Rates. The Company shall begin paying the District a monthly fee for services after the Company has been notified by the District that the system is operational and available for connection by the Company. During the first twelve months following such notification, the Company covenants and agrees to pay the District or to such designee as appointed by written notice of the District, a monthly fee of Thirty-two Thousand Forty Dollars ($32,040.00), which is equal to the District's estimated Project Operation Costs during the first twelve months of operation of the Project.

Upon completion of the first twelve months of operation, the District shall determine its actual Project Operation Costs during the first twelve months of operation of the Project. In the event that the actual Project Operation Costs during the first twelve months exceed the estimated Project Operation Costs, then the Company shall pay to the District such difference as a supplemental payment. In the event that the actual Project Operation Costs are less than the estimated Project Operation Costs for the first twelve months of operation, then the District shall provide the Company a credit towards the Company's next monthly payment.

Following the first twelve months of operation and at all other such times as is permitted by the Public Service Commission, the District shall apply to the Public Service Commission for approval of rates to charged to the Company, which said rates are to be based upon the District's actual operation costs, and following approval by the Public Service Commission of such rates, the Company shall pay the District user fees on a monthly basis in accordance with such rates established by the Public Service Commission.

The Company shall continue to pay the District a monthly fee of Thirty-two Thousand Forty Dollars ($32,040.00) for each month of operation following the first twelve months of operation but prior to the time that the Public Service Commission has approved and/or established the rates to be charged to the Company.

All monthly fees set forth in the Section shall be paid by the Company to the District on the first day of each month.

Section 3.3 Obligations of Company Unconditional. Notwithstanding anything to the contrary contained herein, the obligations of the Company to make the payments required in Section 3 shall be absolute and unconditional and shall not be subject to any defense whatsoever or any right of setoff, counterclaim or recoupment, including, without limitation (a) any defense or claim based on breach or nonperformance by the District of its obligations set forth in this Agreement, (b) the invalidation or unenforceability of this Agreement with respect to the District or the Company, or (c) the inability of the Company to utilize the service of the Project due to a force majeure, impossibility or any other reason whatsoever. Nothing contained in this Section shall be construed to release the District form the performance of any of the agreements on its part herein contained, and in the event the District should fail to perform any such agreement on its part, the Company may petition the Public Service Commission as the Company may deem necessary to compel performance so long as such action or any remedies sought or obtained therein does not abrogate the obligations of the Company.

ARTICLE IV

SPECIAL COVENANTS; MAINTENANCE AND MODIFICATION

Section 4.1 Limitation of Liability of District. The District shall not be liable to the Company if for any reason the District cannot provide the sewage treatment and disposal services contemplated by this Agreement. Any monetary obligation of the District which may be created by or arise out of this Agreement shall never constitute a general obligation of or a pledge of the faith and credit or taxing power of the District, but shall be payable solely from the revenues of the System.

Section 4.2 Further Assurances and Corrective Instruments. The District and the Company agree that they will, from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, such supplements or amendments hereto and such further instruments as may be reasonably required for carrying out the expressed intention of this Agreement.

Section 4.3 Maintenance and Modifications of System. The District agrees during the Term of Agreement it will (i) keep the System in as reasonably safe condition as its operations shall permit, (ii) keep the System in good repair and in good operating condition, making from time to time all necessary repairs thereto (including external and structural repairs) and renewals and replacements thereof, and (iii) develop and implement methods to reduce costs of operating and maintaining the System.

Section 4.4 Books and Records. The District shall keep accurate financial books and records, in accordance with generally accepted accounting principles. At the request of the Company, the District shall make such books and records available for inspection by the Company or its representatives during normal business hours within two Business Days of such requests.

ARTICLE V

TERM

Section 5.1 Term of Agreement. This Agreement shall remain in full force and effect from the date hereof until such time as the debt incurred by the District in order to finance the Project has been completely repaid but in no event to equal forty years.

ARTICLE VI

INDEMNIFICATION; ASSIGNMENT

Section 6.1 Indemnification Covenants.

(a) The Company shall and hereby agrees to indemnify and save the District harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from any breach or default on the part of the Company in the performance of any of its obligations under this Agreement; provided, however, that the Company shall have no obligations to indemnify the District against claims, demands, causes of action, cost, expenses or damages resulting from or connected with (i) the District's own negligence or willful misconduct, (ii) the District's failure to meet or comply with governmental statutes, rules, regulations, permits or orders, or (iii) the District's breach of this Agreement.

(b) If any action shall be brought against the District in respect of which indemnity hereunder may be sought against the Company, then the District shall promptly notify the Company in writing, and the Company at its option may or, at the request of the District, shall assume the defense thereof, including the employment of counsel and the right to negotiate and consent to settlement. If the Company assumes the defense thereof, the District shall have the right to employ separate counsel in any such action and to participate in the defense thereof, provided that the fees and expenses of such counsel shall be at the expense of the District unless the employment of such counsel has been authorized in writing by the Company. The Company shall not be liable for any settlement of any such action effected without its consent.

Section 6.2 Assignment. The parties hereto agree that the District may, in its sole discretion, assign all of the District's right, title, and interest in and to this Agreement, to any trustee, person or entity as security for Financing Costs. Any representations made by the Company in connection with such financing shall be deemed to be part of this Agreement.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.1 Defaults Defined. The term "Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay any amount required to be paid under Section 3 hereof when due.

(b) Failure by either party to observe and perform any material covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 6.1 (a) hereof or as prevented by reason of force majeure as defined hereunder, for a period of thirty (30) Business Days after written notice specifying such failure and requesting that it be remedied shall have been given to the other party, unless the District or Company shall agree in writing to an extension of such time prior to its expiration or such notice is rescinded; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, neither the District nor the Company will unreasonably withhold its consent to an extension of such time if corrective action is instituted by the other party within the applicable period and diligently pursued until such failure is corrected and if a representative of the party delivers certificate to the other party designating the date by which such failure is expected to be corrected.

Section 7.2 Remedies on Default.

(a) Whenever any Default referred to in Section 7.1 hereof shall have happened and be continuing, and not be cured as allowed in Section 7.1, the District may take one or any combination of the following remedial steps:

(i) Subject to the rules and regulations of the Commission, terminate, on ten (10) days written notice to the Company, the Terms of Agreement and all rights of the Company under this Agreement;

(ii) Take any other action at law or in equity which may appear necessary or desirable to collect the payment then due or thereafter to become due hereunder, and to enforce the obligations, agreements or covenants of the Company under this Agreement.

(b) Whenever any Default referred to in Section 7.1 hereof shall have happened and be continuing, and not be cured as allowed in Section 7.1, the Company may take action at law or equity which may appear necessary or desirable to enforce the obligations, agreements or covenants of the District under this Agreement.

Section 7.3 Delay or Omission. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle either party to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 7.4 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage, prepaid, addressed as follows:

IF TO THE DISTRICT:

Dan E. Wilson, Chairman
Hancock County Public Service District
PO Box 485
New Cumberland, WV 26047

IF TO THE COMPANY:

Mountaineer Racetrack and Resort
State Route 2
Chester, WV 26034

The District and Company may, by written notice given hereunder, designate any further or different addresses or addresses to which subsequent notices, certificates or other communications shall be sent.

Section 8.2 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by the Commission or any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereon.

Section 8.3 Amendments. This Agreement may be amended and supplemented at any time by mutual consent of the parties hereto, subject to any approvals which may be required by the laws of the State and the rules and regulations of the Commission.

Section 8.4 Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.5 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia.

Section 8.6 Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

IN WITNESS WHEREOF, the District has caused this Agreement to be executed in its name and the Company has caused this Agreement to be executed in its name all as of the date first above written.

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

By _____

Its Chairman

MOUNTAINEER PARK, INC.

By _____

Its President.

Received from
N.C - 10/31/01

Inter-Governmental Agreement

To Provide Sanitary Sewage Treatment

To the Hancock County Public Service District

Water and Sewer Board
City of New Cumberland

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Inter-Governmental Agreement

To Provide Sanitary Sewage Treatment

To the Hancock County Public Service District

THIS AGREEMENT, made this _____ day of _____, 2001, by and between the City of New Cumberland Water and Sewerage Board, West Virginia, a municipal statutory corporation, party of the first part, hereinafter referred to as "Board", and the Hancock County Public Service District, party of the second part, hereinafter referred to as "the District";

WHEREAS, the Board presently owns and operates a wastewater treatment plant and pumping station; and

WHEREAS, the District intends to construct collector sewer and pumping stations for the collection of wastewater within portions of its service area; and

WHEREAS, the District desires to connect its collected sanitary flow to the Board's sewer system at a mutually agreed upon location and to have said sanitary flow treated by the Board in accordance with applicable water quality standards; and

WHEREAS, it is necessary for the District to secure a service agreement to be submitted to the Public Service Commission of West Virginia ("Commission") for approval pursuant to which the Board would transport and treat sewage from a portion of the District's service area, more specifically known as New Cumberland Heights; and

WHEREAS, it is the intent and purpose of the parties hereto to comply with all regulations to abate pollution in their respective areas and to cooperate with each other, and with the State and Federal Authorities to reduce and prevent pollution of the streams and waterways, thereby protecting the health of the inhabitants and serving the public health and welfare of all; and

WHEREAS, the Board and District agree that the Board should recover from the District the rate charges set forth herein;

WHEREAS, the Board must rely on the District to ensure that the District's customers in the Service area (i) promptly pay the District rate sufficient to permit the District to pay to the Board the payments set forth in this Agreement and (ii) do not introduce harmful substances into the system;

NOW, THEREFORE, for and in consideration of the promises, which are hereby made an integral part of this Agreement and not to be construed as mere recitals, the covenants and agreements set forth herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Board and the District agree:

1. It is clearly understood that the Board will, by its statutory authority, represent the City of New Cumberland and hereafter carry forth all obligations pursuant to this contract between the City and the District. (The BOARD shall perform all acts and make all such rules and regulations as may be necessary from time to time for the proper and efficient operation of the sewage facilities for the benefit of the CITY, and DISTRICT, and other users.)

ARTICLE I

COLLECTION AND TREATMENT

Section 1.01. The Board shall accept at the point of interconnection hereinafter set forth ("Point of Interconnection"), convey to and treat at its Plant up to, but no more than thirty thousand (30,000) gallons average per day on a monthly basis of sewage delivered at the Point of Interconnection by the District. The Board shall take all reasonable efforts to treat the Sewage so as to produce a Plant effluent within the effluent discharge limitations of the Board's NPDES permit and other applicable requirements.

Section 1.02. The District shall have no authority or control over the operation of the Plant or the quality of the effluent of the Plant, which shall at all times remain under the exclusive ownership and control of the Board.

Section 1.03. The Board may, at its option, at the Point of Interconnection accept sewage or other influent originating outside the Service Areas, as described. It is understood and agreed that all customers in the Service Areas now serviced directly by the Board are and shall remain customers of the Board. For purposes of this Section 1.03, "served directly by the Board" means any person or other entity the influent of which is collected and transported to the Plant without passing through the District Facilities as defined in Section 2.01. Additionally, any new expansion by the city or Board into the District jurisdiction would require request and approval by the District.

Section 1.04. The Point of Interconnection shall be located at the vacuum pumping station at New Cumberland City Park.

ARTICLE II

CONSTRUCTION, INSPECTION, AND USE OF DISTRICT FACILITIES

standards set forth in this Agreement.

Section 2.05. The District shall adopt, maintain, and collect rates and other charges which at all times provide sufficient revenue to: (i) comply with and be consistent with all Bond requirements.

Section 2.06. The District shall comply, and ensure that its customers in the Service Areas comply, with the PSC's "Rules and Regulations for Sewage Service" as hereafter amended. Specifically, and without limiting the generality of the foregoing, the District shall:

(a) Prohibit septic haulers and all other persons and entities from introducing the District Facilities waste other than that generated on premises permanently connected to the District Facilities; and,

(b) Require all commercial and industrial customers to comply with any pretreatment or testing requirements imposed by the Board. Copies of all such applications shall be filed with the Board upon their receipt by the District, and no such service shall commence until such customer has furnished all requisite information to the Board and the Board has determined what pretreatment or testing, if any, is required.

Section 2.07. The District shall provide for testing of the Sewage at a laboratory acceptable to the Board. Tests will be made, if requested by the Board, to determine the District's compliance with Section 2.06, and other applicable provisions of this Agreement, if the Board believes that any problem or problems exist with the Sewage or within the District Facilities. If testing establishes that such problem or problems do not exist, then the tests shall be paid for by the Board. If testing establishes the existence of such problem or problems, then the tests shall be paid for by the District. The District will also make, at its expense, such tests as may be required by any governmental agency, State or Federal, having jurisdiction or regulatory authority over the District Facilities or

authority to require such testing. The District shall provide a copy of all test results to the

Board and shall keep a copy of such results in its permanent records.

Section 2.08. All measurements, tests, and analyses of the characteristics of waters and wastes under this Agreement shall be determined in accordance with the current edition of "Standard Methods for the Examination of Waste and Wastewater", Eighteenth Edition, published by the American Public Health Association, American Water Works Association, and Water Environment Federation, upon suitable samples taken at the nearest manhole. Samples, tests, and analyses shall conform to follow code 40CFR136.

Section 2.09. Notwithstanding Sections 4.01 and 6.01, in the event that the District shall introduce or permit to be introduced influent into the System the quality or quantity of which jeopardizes the System or the Board's ability to continue economically to serve all of its customers, the Board shall notify the District orally, followed immediately by written notice, of such introduction and its potential impact on the System, and request an immediate response from the District as to what remedial action will be taken. In the absence of satisfactory remedial action the Board may:

(a) If time permits, obtain a court order requiring the District to immediately discontinue such introduction; and

(b) or see whatever remedies otherwise at the Board's disposal.

Section 2.10. The District shall not adopt any rule, regulation, or operating procedure which would detrimentally affect the operations of the Board's system. The District shall provide the Board with a copy of its rules, regulations, or operating procedures and any changes made thereto.

ARTICLE III

RATES AND CHARGES

Section 3.01 The charges to the District shall be based upon monthly Water Readings and determined in accordance with Section 3.02 ("Sewage Charge"). The Board shall bill the District for the Sewage Charge on a monthly basis, and the District shall remit payment to the Board for Sewage Charge within twenty (20) days after such statement is sent to the District at the address set forth below. The Sewage Charge shall be subject to the late payment and other provisions of the Board's tariff except such provisions as are clearly inconsistent with this Agreement.

Section 3.02 The Sewage Charge shall be calculated for the service area based on water records, and shall be charged a rate of $3.00 per 1,000 gallons.

The Sewage Charge shall be based on the following formula:

(a) Total water usage from all customers within the service area. (District will need to supply Board with usage for customers on Tomlinson Public Service District who will also utilize this sewerage system.) A water usage of 4,500 gallons per month will be used for all customers on a well; or

(b) Actual usage, as measured by flow metering device, when greater than ten percent of A, (District shall be notified and given ninety days to resolve difference prior to utilizing this method for billing purposes.);

whichever usage is greater.

The Board shall furnish to the District by the 15th day of each calendar month all metering information from the prior calendar month.

Section 3.03 The District shall install at the District's expense and thereafter operate and maintain the District's sole expense, a sewage meter at the Point of Interconnection to be used to determine if any inflow or infiltration exists within the District's system. This meter should be made available at all times to the Board for inspection. Annual calibration by a certified specialist is required.

Section 3.04. Each party shall have the right at all reasonable times, during normal business hours, to make such examination of the books and records of the other party as may be necessary and desirable.

ARTICLE IV

DEFAULT AND SECURITY

Section 4.01. In the event that the District fails to make any payment due under this Agreement and remains in default for a period of ten (10) days after due date, or in the event that the District fails to perform any other item, obligation, or condition of this Agreement, and fails to correct such default (or to commence correction of such default if correction shall reasonably require more than twenty (20) days) within twenty (20) days of receipt of written notice from the Board specifying such default, then the Board shall have the following rights and remedies, the election of which shall be solely at the discretion of the Board:

(a) The right to require specific performance by the District, through institution of a civil action against the District in the Circuit Court of Hancock County;

(b) The right to correct such default itself and to charge the District for its costs;

(c) The right to seek damages from the District, through institution of a civil action against the District in the Circuit Court of Hancock County; and

(d) The right to pursue any other remedy against the District which the Board may have under the laws of the State of West Virginia.

ARTICLE V

TERM

Section 5.01 This Agreement shall remain in effect for as long a term as permitted by law and for so long as each of the parties hereto maintain the sewage systems contemplated hereunder and at least for a term of forty (40) years. Agreement, in its entirety, shall be reviewed annually on the anniversary date of enactment, by both parties to ensure that Agreement serves the best interest of entities involved.

ARTICLE VI

NOTICE

Section 6.01. Notices given pursuant to this Agreement shall be deemed effective upon mailing by United States certified or registered mail, return receipts requested, to the parties at:

The New Cumberland Water and Sewer Board
PO Box 505
New Cumberland, WV 26047

Hancock County Public Service District
RD #1, Box 166R
Weirton, WV 26062
or such other addresses as may be provided in writing to the other party.

ARTICLE VII

CONDITIONS PRECEDENT

Section 7.01 This Agreement and the respective obligations of the parties are conditioned upon the following, each of which is a condition precedent to the validity and enforceability of this Agreement will commence upon enactment of applicable state law.

(a) West Virginia State Code 8-11-3 requires the City to approve by ordinance;

(b) West Virginia State Code 16-13A-7 requires the District to approve by Resolution; and

(c) The District shall have good and valid title to all real property, easements, rights-of-way, fixtures, and other District Facilities.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

Section 8.01. The Board represents and warrants that the execution, delivery, and performance of this Agreement by the Board have been duly authorized, and this Agreement constitutes a valid and binding obligation of the Board enforceable in accordance with its terms.

Section 8.02. The District represents and warrants that (i) the execution, delivery, and performance of this Agreement by the District has been duly authorized, and this Agreement constitutes a valid and binding obligation of the District enforceable in accordance with its terms;
(ii) the books and records of the District have been kept in accordance with the regulations of the Commission and accurately reflect the District's operations; and (iii) the District has not and will not alienate or encumber the District Facilities.

Section 8.03 The representation and warranties set forth in this Article VIII shall survive expiration of the term of this Agreement.

ARTICLE IX

SALE OF DISTRICT FACILITIES

Section 9.01. The District hereby grants to the Board the right of first refusal to purchase the District Facilities, or any part thereof, subject to the terms of this Section 9.01. In the event that the District receives from any third party a bona fide offer to purchase the District Facilities, or any part thereof, which offer it wishes to accept, the District shall notify the Board of its intent to sell and include with such notice a written copy of such offer. The Board shall have twenty (20) days within which to irrevocably elect in writing to purchase such property in cash at closing on the terms of such offer. Closing shall take place within thirty (30) days of the election by the Board to purchase such property. At closing, the District shall furnish the Board with all appropriate documents of conveyance and transfer.

This first right of refusal shall operate continuously throughout the term of this Agreement and apply to each and every proposed sale of the District Facilities.

Section 9.02. As a condition precedent to any sale of the District Facilities, or any part thereof, the District shall pay to the Board all payments due, fully compensating the Board. In the event the Board exercises its right of first refusal set forth in Section 9.01, such payments shall be credited against the purchase price paid by the Board to the District.

Section 9.03. Upon sale of the District Facilities or any part thereof, this Agreement shall terminate automatically with respect to such District Facilities, except that such purchaser shall be entitled for a period of one (1) year to continue service under this Agreement, subject to all of its terms, in exchange for only the Volumetric Charge calculated in accordance with Section 3.02.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 10.01. Nothing in this Agreement shall be construed to provide the District with any ownership or other interest in the plant or the System, which at all times shall remain the exclusive property of the Board.

Section 10.02. This Agreement constitutes the entire agreement between the Board and the District with respect to the matters addressed and may be amended only in a subsequent writing executed by both parties.

Section 10.03. This Agreement is binding upon the successors and assigns of the parties.

Section 10.04. This Agreement may not be assigned by either party without the prior written consent of the other party.

Section 10.05. The article and section headings in this Agreement are merely for the convenient reference of the parties and shall not affect the meaning or interpretation of this Agreement.

WITNESS the following signatures and seals this 25th day of July, 2002.

ATTEST:

City Clerk
(CITY SEAL)

THE WATER & SEWER BOARD OF THE CITY OF NEW CUMBERLAND, a West Virginia municipal corporation
BY: Richard D. Blackwell
Chairman

ATTEST:

HANCOCK COUNTY PUBLIC SERVICE SEWER DISTRICT, a West Virginia public corporation
BY:
Dan Wilson, Chairman

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK, to-wit:

The foregoing Agreement was acknowledged before me this 25th day of July, 2002 by Carolyn A. Staley Chairman of the New Cumberland Water & Sewer Board, a West Virginia municipal corporation, on behalf of the Board.

Notary Public

My Commission Expires:
Feb 13, 2012

Official Seal
Notary Public, State of West Virginia
Carolyn A. Staley
City of New Cumberland
P.O. Box 506
New Cumberland, WV 26047
My Commission Expires February 13, 2012

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK, to-wit:

The foregoing Agreement was acknowledged before me this 30th day of July, 2002, by Dan E. Wilson, Chairman of the Hancock County Public Service District, a West Virginia public corporation, on behalf of the corporation.

Official Seal
Notary Public, State of West Virginia
Cynthia Ann Jones
Hancock County Commission
P.O. Box 485
New Cumberland, WV 26047
My commission expires December 10, 2006

Cynthia Ann Jones
Notary Public

My Commission Expires:
12/10/2006

INTER-GOVERNMENTAL AGREEMENT

TO PROVIDE SANITARY SEWAGE TREATMENT

TO THE HANCOCK COUNTY PUBLIC SERVICE DISTRICT

CITY OF CHESTER
WATER & SEWER BOARD

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INTER-GOVERNMENTAL AGREEMENT

TO PROVIDE SANITARY SEWAGE TREATMENT

TO THE HANCOCK COUNTY PUBLIC SERVICE DISTRICT

THIS AGREEMENT, made this _____ day of _____, 2001, by and between the City of Chester's Sewer Board, West Virginia, a municipal statutory corporation, party of the first part, hereinafter referred to as "Board", and the Hancock County Public Service District, party of the second part, hereinafter referred to as "the District";

WHEREAS, the Board presently owns and operates a wastewater treatment plant and pumping station; and

WHEREAS, the District intends to construct interceptor, collector sewer and pumping stations for the collection of wastewater within portions of its service area; and

WHEREAS, the District desires to connect its collected sanitary flow to the Board's sewer system at mutually agreed upon locations along the Mark's Run Lift Station and to have said sanitary flow treated by the Board in accordance with applicable water quality standards; and

WHEREAS, it is necessary for the District to secure a service agreement to be submitted to the Public Service Commission of West Virginia ("Commission") for approval pursuant to which the Board would transport and treat sewage from a portion of the District's service area, more specifically known as Johnsonville; and

WHEREAS, it is the intent and purpose of the parties hereto to comply with all regulations to abate pollution in their respective areas and to cooperate with each other, and with the State and Federal Authorities to reduce and prevent pollution of the streams and waterways, thereby protecting the health of the inhabitants and serving the public health and welfare of all; and

WHEREAS, the Board and District agree that the Board should recover from the District the rate charges set forth herein;

WHEREAS, the Board must rely on the District to ensure that the District's customers in the Service area (i) promptly pay the District rate sufficient to permit the District to pay to the Board the payments set forth in this Agreement and (ii) do not introduce harmful substances into the system;

NOW, THEREFORE, for and in consideration of the promises, which are hereby made an integral part of this Agreement and not to be construed as mere recitals, the covenants and agreements set forth herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Board and the District agree:

1. It is clearly understood that the Board will, by its statutory authority, represent the City of Chester and hereafter carry forth all obligations pursuant to this contract between the City and the District. (The BOARD shall perform all acts and make all such rules and regulations as may be necessary from time to time for the proper and efficient operation of the sewage facilities for the benefit of the CITY, the DISTRICT and other users.)

ARTICLE I

COLLECTION AND TREATMENT

Section 1.01. The Board shall accept at the points of interconnection hereinafter set forth ("Points of Interconnection"), convey to and treat at its Plant up to, but no more than sixty thousand (60,000) gallons average per day on a monthly basis of sewage delivered at the Points of Interconnection by the District. The Board shall take all reasonable efforts to treat the Sewage so as to produce a Plant effluent within the effluent discharge limitations of the Board's NPDES permit and other applicable requirements.

Section 1.02. The District shall have no authority or control over the operation of the Plant or the quality of the effluent of the Plant, which shall at all times remain under the exclusive ownership and control of the Board.

Section 1.03. The Board may, at its option, at the Points of Interconnection accept sewage or other influent originating outside the Service Areas. It is understood and agreed that all customers in the Service Areas now serviced directly by the Board are and shall remain customers of the Board. For purposes of this Section 1.03, "served directly by the Board" means any person or other entity the influent of which is collected and transported to the Plant without passing through the District Facilities as defined in Section 2.01. Additionally, any new expansion by the City or Board into the District jurisdiction would require request and approval by the District.

Section 1.04. The Point of Interconnection shall be located at the Mark's Run Lift Station.

ARTICLE II

CONSTRUCTION, INSPECTION AND
USE OF DISTRICT FACILITIES

Section 2.01. The Board shall bear no financial or other responsibility for the construction of

the District's collector sewer system ("District Facilities") in the Service Areas. However, the Board shall, at its own expense, have the right, but not the obligation, to inspect and approve, prior to the implementation of service under this Agreement the design and construction of the District Facilities to ensure that the District Facilities will collect from the Service Areas and satisfactorily transport the Sewage (without excessive infiltration and influent surface drainage, known as inflow) to the Point of Interconnection in accordance with current and future applicable regulations and the terms of this Agreement. The Board may notify the District in writing of any material deficiency in such design of construction. Service under this Agreement shall not commence until the District shall have corrected any such deficiency to the satisfaction of the Board. The District shall at all times remain legally responsible for the maintenance and operation of the District Facilities.

Section 2.02. The District shall provide at no cost to the Board one reproducible copy of detailed, "as built" plans for the District Facilities and update those plans throughout the term of this Agreement in order that the Board shall have, at all times, a clear and accurate understanding of the District Facilities and their use.

Section 2.03. The District shall provide the Board with at least ten (10) days prior written notice of the date and time at which it proposes to connect the District Facilities to the System at the Points of Interconnection. The Board shall, at its own expense, have the right, but not the obligation, at such time and place to inspect the work performed to ensure satisfactory connection.

Section 2.04. The Board shall, from time to time as it deems necessary and at its own expense, have the right, but not the obligation, to inspect the District Facilities for the purpose of determining that they are constructed and operated in such a way as to: minimize infiltration, eliminate illegal sources of inflow into the System, and determine to the Board's satisfaction that the Sewage and District Facilities do not violate the standards set forth in this Agreement.

Section 2.05.The District shall adopt, maintain, and collect rates and other charges which at all times provide sufficient revenue to: (i) comply with and be consistent with all Bond requirements.

Section 2.06.The District shall comply, and ensure that its customers in the Service Areas comply, with the Board's "Rules and Regulations for Sewage Service" as hereafter amended, a copy of which is attached to and incorporated in this Agreement as Appendix B. Specifically, and without limiting the generality of the foregoing, the District shall:

(a) Prohibit septic haulers and all other persons and entities from introducing the District Facilities waste other than that generated on premises permanently connected to the District Facilities; and,

(b) Require all commercial and industrial customers to comply with any pretreatment or testing requirements imposed by the Board. Copies of all such applications shall be filed with the Board upon their receipt by the District, and no such service shall commence until such customer has furnished all requisite information to the Board and the Board has determined what pretreatment or testing, if any, is required.

Section 2.07. The District shall provide for testing of the Sewage at a laboratory acceptable to the Board. Tests will be made, if requested by the Board, to determine the District's compliance with Section 2.06, and other applicable provisions of this Agreement, if the Board believes that any problem or problems exist with the Sewage or within the District Facilities. If testing establishes that such problem or problems do not exist, then the tests shall be paid for by the Board. If testing establishes the existence of such problem or problems, then the tests shall be paid for by the District. The District will also make, at its expense, such tests as may be required by any governmental agency, State or Federal, having jurisdiction or regulatory authority over the District Facilities or

authority to require such testing. The District shall provide a copy of all test results to the Board and shall keep a copy of such results in its permanent records.

Section 2.08. All measurements, tests, and analyses of the characteristics of waters and wastes under this Agreement shall be determined in accordance with the current edition of "Standard Methods for the Examination of Waste and Wastewater", published by the American Public Health Association, American Water Works Association, and Water Pollution Control Federation, upon suitable samples taken at the nearest manhole.

Section 2.09. Notwithstanding Sections 4.01 and 6.01, in the event that the District shall introduce or permit to be introduced influent into the System the quality or quantity of which jeopardizes the System or the Board's ability to continue economically to serve all of its customers, the Board shall notify the District orally, followed immediately by written notice, of such introduction and its potential impact on the System, and request an immediate response from the District as to what remedial action will be taken. In the absence of satisfactory remedial action the Board may:

(a) If time permits, obtain a court order requiring the District to immediately discontinue such introduction; and

(b) or seek whatever remedies otherwise at the Board's disposal.

Section 2.10. The District shall not adopt any rule, regulation or operating procedure which would detrimentally affect the operations of the Board's system. The District shall provide the Board with a copy of its rules, regulations, or operating procedures and any changes made thereto.

ARTICLE III

RATES AND CHARGES

Section 3.01 The charges to the District shall be based upon monthly Water Readings and determined in accordance with Section 3.02 ("Sewage Charge"). The Board shall bill the District for the Sewage Charge on a monthly basis, and the District shall remit payment to the Board for Sewage Charge within twenty (20) days after such statement is sent to the District at the address set forth below. The Sewage Charge shall be subject to the late payment and other provisions of the Board's tariff except such provisions as are clearly inconsistent with this Agreement.

Section 3.02 The Sewage Charge shall be calculated for the service area based on water records, and shall be charged a rate of $3.00 per 1,000 gallons.

The Sewage Charge shall be based on the following formula:

(a) Total water usage from all customers within the service area. A water usage of 4,500 gallons per month will be used for all customers on a well.

The Board shall furnish to the District by the 15th day of each calendar month all metering information from the prior calendar month.

Section 3.03. Any change in rate must be mutually agreed on by the Board and the District, and approved by the Public Service Commission.

Section 3.04. Each party shall have the right at all reasonable times, during normal business hours, to make such examination of the books and records of the other party as may be necessary and desirable.

ARTICLE IV

DEFAULT AND SECURITY

Section 4.01. In the event that the District fails to make any payment due under this Agreement and remains in default for a period of ten (10) days after due date, or in the event that the

District fails to perform any other item, obligation, or condition of this Agreement, and fails to correct such default (or to commence correction of such default if correction shall reasonably require more than twenty (20) days) within twenty (20) days of receipt of written notice from the Board specifying such default, then the Board shall have the following rights and remedies, the election of which shall be solely at the discretion of the Board:

(a) The right to require specific performance by the District, through institution of a civil action against the District in the Circuit Court of Hancock County;

(b) The right to correct such default itself and to charge the District for its costs;

(c) The right to seek damages from the District, through institution of a civil action against the District in the Circuit Court of Hancock County; and

(d) The right to pursue any other remedy against the District which the Board may have under the laws of the State of West Virginia.

ARTICLE V

TERM

Section 5.01 This Agreement shall remain in effect for as long a term as permitted by law and for so long as each of the parties hereto maintain the sewage systems contemplated hereunder and at least for a term of forty (40) years.

ARTICLE VI

NOTICE

Section 6.01. Notices given pursuant to this Agreement shall be deemed effective upon mailing by United States certified or registered mail, return receipts requested, to the parties at:

The Chester Water & Sewer Board
375 Carolina Avenue
Chester, WV 26034

Hancock County Public Service District
RD 1, Box 166R
Weirton, WV 26062

or such other addresses as may be provided in writing to the other party.

ARTICLE VII

CONDITIONS PRECEDENT

Section 7.01 This Agreement and the respective obligations of the parties are conditioned upon the following, each of which is a condition precedent to the validity and enforceability of this Agreement will commence upon enactment of applicable state law.

(a) West Virginia State Code 8-11-3 requires the City to approve by ordinance;

(b) West Virginia State Code 16-13A-7 requires the District to approve by Resolution; and

(c) The District shall have good and valid title to all real property, easements, rights-of-way, fixtures, and other District Facilities.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

Section 8.01. The Board represents and warrants that the execution, delivery, and performance of this Agreement by the Board have been duly authorized, and this Agreement constitutes a valid and binding obligation of the Board enforceable in accordance with its terms.

Section 8.02. The District represents and warrants that (i) the execution, delivery, and performance of this Agreement by the District has been duly authorized, and this Agreement constitutes a valid and binding obligation of the District enforceable in accordance with its terms;

(ii) the books and records of the District have been kept in accordance with the regulations of the Commission and accurately reflect the District's operations; and (iii) the District has not and will not alienate or encumber the District Facilities.

Section 8.03 The representation and warranties set forth in this Article VIII shall survive expiration of the term of this Agreement.

ARTICLE IX

SALE OF DISTRICT FACILITIES

Section 9.01. The District hereby grants to the Board the right of first refusal to purchase the District Facilities, or any part thereof, subject to the terms of this Section 9.01. In the event that the District receives from any third party a bona fide offer to purchase the District Facilities, or any part thereof, which offer it wishes to accept, the District shall notify the Board of its intent to sell and include with such notice a written copy of such offer. The Board shall have twenty (20) days within which to irrevocably elect in writing to purchase such property in cash at closing on the terms of such offer. Closing shall take place within thirty (30) days of the election by the Board to purchase such property. At closing, the District shall furnish the Boad with all appropriate documents of conveyance and transfer.

This right of first refusal shall operate continuously throughout the term of this Agreement and apply to each and every proposed sale of the District Facilities.

Section 9.02. As a condition precedent to any sale of the District Facilities, or any part thereof, the District shall pay to the Board all payments due, fully compensating the Board. In the event the Board exercises its right of first refusal set forth in Section 9.01, such payments shall be credited against the purchase price paid by the Board to the District.

Section 9.03. Upon sale of the District Facilities or any part thereof, this Agreement shall

terminate automatically with respect to such District Facilities, except that such purchaser shall be entitled for a period of one (1) year to continue service under this Agreement, subject to all of its terms, in exchange for only the Volumetric Charge calculated in accordance with Section 3.02.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 10.01. Nothing in this Agreement shall be construed to provide the District with any ownership or other interest in the plant or the System, which at all times shall remain the exclusive property of the Board.

Section 10.02. This Agreement constitutes the entire agreement between the Board and the District with respect to the matters addressed and may be amended only in a subsequent writing executed by both parties.

Section 10.03. This Agreement is binding upon the successors and assigns of the parties.

Section 10.04 This Agreement may not be assigned by either party without the prior written consent of the other party.

Section 10.5. The article and section headings in this Agreement are merely for the convenient reference of the parties and shall not affect the meaning or interpretation of this Agreement.

WITNESS the following signatures and seals this 17th day of July, 2002

ATTEST:

THE WATER & SEWER BOARD OF THE CITY OF CHESTER, a West Virginia municipal corporation

City Clerk

BY: Ken Morris, Mayor

(CITY SEAL)

ATTEST:

HANCOCK COUNTY PUBLIC SERVICE SEWER DISTRICT, a West Virginia public corporation

BY: Dan Wilson, Chairman

STATE OF WEST VIRGINIA,

COUNTY OF HANCOCK, to-wit:

The foregoing Agreement was acknowledged before me this 17th day of July, 2002, by Ken Morris, Mayor of the City of Chester, a West Virginia municipal corporation, on behalf of the Board.

Notary public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
E. SHIRLEY BARNHART
P.O. BOX 82
3 FLORIDA AVE.
CHESTER, WV 26034
My Commission Expires March 19, 2006

My Commission Expires:

STATE OF WEST VIRGINIA,

COUNTY OF HANCOCK, to-wit:

The foregoing Agreement was acknowledged before me this 30th day of July, 2002, by Dan E. Wilson, Chairman of the Hancock County Public Service District, a West Virginia public corporation, on behalf of the corporation.

Notary Public

My Commission Expires:

12/10/2006

West Virginia

My commission

WATER SERVICE TERMINATION AGREEMENT

THIS AGREEMENT, made this 30th day of July, 2002, by and between Hancock County Public Service District, a public service district with sewer authority in the State of West Virginia (hereinafter referred to as "Sewer Authority"), and Tomlinson Public Service District Water and Sewer Board, a public service district with water authority in the State of West Virginia (hereinafter referred to as "Water Company"), having its principal office at RD #3, Box 286, New Cumberland, WV 26047.

WITNESSETH:

THAT WHEREAS, the Sewer Authority is engaged in supplying sewer service to the citizens and residents within its service area; and,

WHEREAS, the Sewer Authority is experiencing difficulty in the collection of delinquent sewer fees through statutory means such as the imposition of liens and institution of civil actions; and,

WHEREAS, a contributing factor to the Sewer Authority's collection problem is its inability to enforce payment through the termination of sewer service to delinquent customers; and,

WHEREAS, the Water Company is the owner and operator of a water distribution system servicing some or all of the customers of the Sewer Authority, under the applicable Rules and Regulations of the Public Service Commission of West Virginia (hereinafter "Commission"); and,

WHEREAS, fthe Water Company is required by law, at the request and direction of the

Sewer Authority and with the approval of the Commission, to terminate the supply of water from its system to any customer or premises with regard to which the fees for sewer service supplied thereto by the Sewer Authority are delinquent; and,

WHEREAS, the Water Company is willing to cooperate and assist the Sewer Authority in the collection of its delinquent accounts upon the terms hereinafter set forth.

NOW, THEREFORE, the parties hereto do mutually agree that:

1. Upon receipt by the Water Company of a written request by the Sewer Authority for termination of water service to a specified customer or premises with regard to which the fees for sewer service provided by the Sewer Authority shall not have been paid for a period not less than sixty (60) days from the due date thereof, together with the hereinafter mentioned fee and affidavit, the Water Company will, within three (3) regular working days following receipt of the aforesaid written request (except as otherwise provided below), discontinue the supply of water from its system to such customer or premise until it is advised in writing by the Sewer Authority either that (i) all delinquent fees (for which a customer's water service may be terminated under this agreement), together with any interest thereon or other permissible charges pertaining thereto, have been paid, or (ii) a satisfactory payment plan has been initiated pursuant to Rule 4.08 (5)(b) of the Commission's Rules and Regulations for the Government of Water Utilities, or (iii) until the Sewer Authority otherwise directs. It is expressly understood and agreed that the three (3) day termination responded period set forth above may be extended at the sole discretion of the Water Company to a maximum of six (6) days when and if necessary due to a large number of termination requests or for other scheduling problems. The Water Company shall not terminate water service to any customer or premises pursuant to this agreement (i) prior to the expiration of the notice period required by the terms of Rule 4.08(l)(c) of the Rules and

Regulations for the Government of Water Utilities, or (ii) on a Friday, Saturday, or Sunday, day prior to a legal holiday, or if an emergency exists. All disconnections of water service shall be performed between the hours of 8:30 a.m. and 4:00 p.m.

2. The Sewer Authority shall pay to the Water Company, concurrently with delivery of the aforesaid written request for discontinuance of water service, a termination fee for each water service to be terminated, said fee to be in the amount set forth on Schedule A attached hereto. In addition, the Sewer Authority shall also pay to the Water Company, concurrently with a request for restoration of a water service previously terminated at the Sewer Authority's request, a reconnection fee in the amount set forth on the attached Schedule A for each water service restored by the Water Company. However, should the Water Company collect payment from the Customer at the time of the scheduled disconnection, the Water Company shall retain the termination fee as an administrative fee.

It is understood and agreed that aforesaid fees for termination and restoration of water service shall automatically increase without further notice or action by the Water Company, upon an increase in such corresponding fees as may now or hereafter be approved by the Commission and set forth in the Water Company's tariffs.

The customer shall reimburse the Sewer Authority for any termination and reconnection fees, or other costs previously paid by the Sewer Authority with regard to such customer, provided said customer is notified pursuant to Water Rule 4.098(l)(c) that in the event water service is terminated the customer will be responsible for such fees charged to the Sewer Authority by the Water Company and that these fees and charges be specifically expressed in the termination notice.

The Water Company shall, within thirty (30) days after collecting any delinquent fees for

sewer service, pay the amount collected to the Sewer Authority.

3. The Sewer Authority shall deliver to the Water Company, concurrently with delivery of the aforesaid written request for termination of water service and the aforesaid termination fee, an affidavit executed by an officer or authorized employee of the Sewer Authority stating:

(a) that the delinquent sewer fees upon which the Sewer Authority's request for termination of water service is based were incurred by the present occupant of the premises or a member of the same household or that someone other that the occupant of the premises is liable for the payment of the delinquent sewer fees, such as a landlord pursuant to West Virginia Code §16-13A-9; and

(b) that the Sewer Authority has given written notice to one or more persons liable for payment of the delinquent sewer fees, pursuant to the aforesaid Rule 4.08(l)(c) of the Commission's rules, of the Sewer Authority's intention to request termination of water service, a copy of which notice shall be attached to said affidavit.

4. The Water Company shall not be liable for any loss, damage or other claim asserted by the owner or occupant of the premises, the Sewer Authority's customer, the Water Company's customer or any other person or corporation, including the Sewer Authority, based on or arising out of the termination of such supply of water, and the Sewer Authority does hereby indemnify and save harmless the Water Company, its agents, officers, including counsel fees and expenses incurred in connection therewith, except to the extent that any such loss, damage or claim, or portion thereof, is finally adjudicated to be the proximate result of the negligence, omissions or willful acts of the Water Company, its agent and employees. In this regard, the Sewer Authority further agrees as follows:

(a) the Sewer Authority shall provide the Water Company a working telephone number to

which customer inquiries resulting from termination of water service at the request of the Sewer Authority for delinquent sewer bills may be referred.

(b) the Sewer Authority shall be responsible for promptly answering all complaints, either verbal or written, lodged with the Commission, or received by or directed toward the Water Company, due to termination of water service at the request of the Sewer Authority for delinquent sewer bills. The Water Company shall promptly forward any such complaints received by it to the Sewer Authority.

(c) the Water Company shall not be responsible for collecting delinquent sewer bills at its office or the office of any of its agents, unless pursuant to a separate written agreement between the parties hereto. It is further agreed that should the Water Company be required to collect at the time of a reconnection any delinquent fees or reconnection fees due the Sewer Authority at the residence of a customer, it shall be required to accept only a check or money order properly made payable to the Sewer Authority in the amount due and owing. The Water Company shall not be required to handle or accept cash due the Sewer Authority. Prior to any reconnections, the Sewer Authority shall make all payment arrangements with its customers and advise the Water Company of the amount which is to be collected by it at the time of reconnection. The Water Company shall not be required to accept any amount other than that set forth by the Sewer Authority.

5. This Agreement shall become effective upon receipt by the Water Company of an original or counterpart hereof, duly executed by both parties hereto, shall continue thereafter for a period of ten (10) years and shall automatically be renewed for like successive periods unless and until terminated as hereafter provided. This agreement may be terminated at any time by order of the Commission or by either party hereto upon written notice in the event of legislative

enactments, court rulings or administrative rulings which render all or any of the terms hereof null, void or unenforceable.

6. It is understood and agreed by the parties hereto that the Water Company may be required to comply with any existing or future regulations of the Commission relating to notice of termination of service, in addition to any other notice that might be required under this contract or any applicable statute or ordinance. It is further understood and agreed by the parties hereto that the Water Company is under no obligation to the Sewer Authority to investigate, verify or make any inquiry in respect of any affidavit or notice submitted to the Water Company by the Sewer Authority.

7. The Sewer Authority shall deliver all written requests, statements, fees, notices and other documents or payments called for or permitted by the terms of this agreement to the Water Company at the following address:

Tomlinson Public Service District
RD #3, Box 286
New Cumberland, WV 26047

Mailing Address:

P.O. Box 113
New Manchester, WV 26056

8. This agreement may be executed in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Upon execution by both parties hereto, one counterpart of this agreement shall be filed with the Commission by the Sewer Authority.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed and attested by their proper officers and their respective seals, if any, to be hereto affixed the day and year first above written.

year first above written

Signed this 30th day of July, 2002

FOR TOMLINSON PUBLIC SERVICE DISTRICT:

(Seal)

ATTEST:

David R Stevens
Secretary

By: David R Stevens for Robert S. Hobbs
Chairman

FOR HANCOCK COUNTY PUBLIC SERVICE DISTRICT:

(Seal)

ATTEST:

Secretary

By:
Chairman

SCHEDULE A

FEES FOR THE DISCONNECTION AND RECONNECTION OF WATER SERVICE

DISCONNECTION FEE	-	$ 0.00
RECONNECTION FEE	-	$ 15.00
ADMINISTRATIVE FEE	-	$ 15.00

1. The disconnection fee shall increase automatically, without notice, with any increase in such corresponding fees as may now or hereafter be approved by the Public Service Commission of West Virginia and set forth in the Water Company's tariffs.

2. The reconnection fees shall increase automatically, without notice, with any increase in such corresponding fees as may now or hereafter be approved by the Public Service Commission of West Virginia and set forth in the Water Company's tariffs.

3. The Administration fee shall increase automatically, without notice, with any increase in such corresponding fees as may now or hereafter be approved by the Public Service Commission of West Virginia and set forth in the Water Company's tariffs.

WATER SERVICE TERMINATION AGREEMENT

THIS AGREEMENT, made this 25th day of July, 2002, by and between Hancock County Public Service District, a public service district with sewer authority in the State of West Virginia (hereinafter referred to as "Sewer Authority"), and the City of New Cumberland Water and Sewer Board, a municipality in the State of West Virginia (hereinafter referred to as "Water Company"), having its principal office at the corner of Jefferson Street and River Avenue, P.O. Box 505, New Cumberland, WV 26047.

WITNESSETH:

THAT WHEREAS, the Sewer Authority is engaged in supplying sewer service to the citizens and residents within its service area; and,

WHEREAS, the Sewer Authority is experiencing difficulty in the collection of delinquent sewer fees through statutory means such as the imposition of liens and institution of civil actions; and,

WHEREAS, a contributing factor to the Sewer Authority's collection problem is its inability to enforce payment through the termination of sewer service to delinquent customers; and,

WHEREAS, the Water Company is the owner and operator of a water distribution system servicng some or all of the customers of the Sewer Authority, under the applicable Rules and Regulations of the Public Service Commission of West Virginia (hereinafter "Commission"); and,

WHEREAS, fthe Water Company is required by law, at the request and direction of the

Sewer Authority and with the approval of the Commission, to terminate the supply of water from its system to any customer or premises with regard to which the fees for sewer service supplied thereto by the Sewer Authority are delinquent; and,

WHEREAS, the Water Company is willing to cooperate and assist the Sewer Authority in the collection of its delinquent accounts upon the terms hereinafter set forth.

NOW, THEREFORE, the parties hereto do mutually agree that:

1. Upon receipt by the Water Company of a written request by the Sewer Authority for termination of water service to a specified customer or premises with regard to which the fees for sewer service provided by the Sewer Authority shall not have been paid for a period not less than sixty (60) days from the due date thereof, together with the hereinafter mentioned fee and affidavit, the Water Company will, within three (3) regular working days following receipt of the aforesaid written request (except as otherwise provided below), discontinue the supply of water from its system to such customer or premise until it is advised in writing by the Sewer Authority either that (i) all delinquent fees (for which a customer's water service may be terminated under this agreement), together with any interest thereon or other permissible charges pertaining thereto, have been paid, or (ii) a satisfactory payment plan has been initiated pursuant to Rule 4.08 (5)(b) of the Commission's Rules and Regulations for the Government of Water Utilities, or (iii) until the Sewer Authority otherwise directs. It is expressly understood and agreed that the three (3) day termination responded period set forth above may be extended at the sole discretion of the Water Company to a maximum of six (6) days when and if necessary due to a large number of termination requests or for other scheduling problems. The Water Company shall not terminate water service to any customer or premises pursuant to this agreement (i) prior to the expiration of the notice period required by the terms of Rule 4.08(l)(c) of the Rules and

Regulations for the Government of Water Utilities, or (ii) on a Friday, Saturday, or Sunday, day prior to a legal holiday, or if an emergency exists. All disconnections of water service shall be performed between the hours of 8:30 a.m. and 4:00 p.m.

2. The Sewer Authority shall pay to the Water Company, concurrently with delivery of the aforesaid written request for discontinuance of water service, a termination fee for each water service to be terminated, said fee to be in the amount set forth on Schedule A attached hereto. In addition, the Sewer Authority shall also pay to the Water Company, concurrently with a request for restoration of a water service previously terminated at the Sewer Authority's request, a reconnection fee in the amount set forth on the attached Schedule A for each water service restored by the Water Company. However, should the Water Company collect payment from the Customer at the time of the scheduled disconnection, the Water Company shall retain the termination fee as an administrative fee.

It is understood and agreed that aforesaid fees for termination and restoration of water service shall automatically increase without further notice or action by the Water Company, upon an increase in such corresponding fees as may now or gereafter be approved by the Commission and set forth in the Water Company's tariffs.

The customer shall reimburse the Sewer Authority for any termination and reconnection fees, or other costs previously paid by the Sewer Authority with regard to such customer, provided said customer is notified pursuant to Water Rule 4.098(l)(c) that in the event water service is terminated the customer will be responsible for such fees charged to the Sewer Authority by the Water Company and that these fees and charges be specifically expressed in the termination notice.

The Water Company shall, within thirty (30) days after collecting any delinquent fees for

sewer service, pay the amount collected to the Sewer Authority.

3. The Sewer Authority shall deliver to the Water Company, concurrently with delivery of the aforesaid written request for termination of water service and the aforesaid termination fee, an affidavit executed by an officer or authorized employee of the Sewer Authority stating:

(a) that the delinquent sewer fees upon which the Sewer Authority's request for termination of water service is based were incurred by the present occupant of the premises or a member of the same household or that someone other that the occupant of the premises is liable for the payment of the delinquent sewer fees, such as a landlord pursuant to West Virginia Code §16-13A-9; and

(b) that the Sewer Authority has given written notice to one or more persons liable for payment of the delinquent sewer fees, pursuant to the aforesaid Rule 4.08(l)(c) of the Commission's rules, of the Sewer Authority's intention to request termination of water service, a copy of which notice shall be attached to said affidavit.

4. The Water Company shall not be liable for any loss, damage or other claim asserted by the owner or occupant of the premises, the Sewer Authority's customer, the Water Company's customer or any other person or corporation, including the Sewer Authority, based on or arising out of the termination of such supply of water, and the Sewer Authority does hereby indemnify and save harmless the Water Company, its agents, officers, including counsel fees and expenses incurred in connection therewith, except to the extent that any such loss, damage or claim, or portion thereof, is finally adjudicated to be the proximate result of the negligence, omissions or willful acts of the Water Company, its agent and employees. In this regard, the Sewer Authority further agrees as follows:

(a) the Sewer Authority shall provide the Water Company a working telephone number to

which customer inquiries resulting from termination of water service at the request of the Sewer Authority for delinquent sewer bills may be referred.

(b) the Sewer Authority shall be responsible for promptly answering all complaints, either verbal or written, lodged with the Commission, or received by or directed toward the Water Company, due to termination of water service at the request of the Sewer Authority for delinquent sewer bills. The Water Company shall promptly forward any such complaints received by it to the Sewer Authority.

(c) the Water Company shall not be responsible for collecting delinquent sewer bills at its office or the office of any of its agents, unless pursuant to a separate written agreement between the parties hereto. It is further agreed that should the Water Company be required to collect at the time of a reconnection any delinquent fees or reconnection fees due the Sewer Authority at the residence of a customer, it shall be required to accept only a check or money order properly made payable to the Sewer Authority in the amount due and owing. The Water Company shall not be required to handle or accept cash due the Sewer Authority. Prior to any reconnections, the Sewer Authority shall make all payment arrangements with its customers and advise the Water Company of the amount which is to be collected by it at the time of reconnection. The Water Company shall not be required to accept any amount other than that set forth by the Sewer Authority.

5. This Agreement shall become effective upon receipt by the Water Company of an original or counterpart hereof, duly executed by both parties hereto, shall continue thereafter for a period of ten (10) years and shall automatically be renewed for like successive periods unless and until terminated as hereafter provided. This agreement may be terminated at any time by order of the Commission or by either party hereto upon written notice in the event of legislative

enactments, court rulings or administrative rulings which render all or any of the terms hereof null, void or unenforceable.

6. It is understood and agreed by the parties hereto that the Water Company may be required to comply with any existing or future regulations of the Commission relating to notice of termination of service, in addition to any other notice that might be required under this contract or any applicable statute or ordinance. It is further understood and agreed by the aparties hereto that the Water Company is under no obligation to the Sewer Authority to investigate, verify or make any inquiry in respect of any affidavit or notice submitted to the Water Company by the Sewer Authority.

7. The Sewer Authority shall deliver all written requests, statements, fees, notices and other documents or payments called for or permitted by the terms of this agreement to the Water Company at the following address:

New Cumberland Water & Sewer Board
P.O. Box 505
New Cumberland, WV 26047

8. This agreement may be executed in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Upon execution by both parties hereto, one counterpart of this agreement shall be filed with the Commission by the Sewer Authority.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed and attested by their proper officers and their respective seals, if any, to be hereto affixed the day and year first above written.

Signed this _____ day of _____, 2001.

FOR NEW CUMBERLAND WATER AND SEWER BOARD:

(Seal)

ATTEST:

Secretary

By: Richard D Blackwell
Chairman

FOR HANCOCK COUNTY PUBLIC SERVICE DISTRICT:

(Seal)

ATTEST:

Secretary

By:
Chairman

SCHEDULE A

FEES FOR THE DISCONNECTION AND RECONNECTION OF WATER SERVICE

DISCONNECTION FEE	-	$ 15.00
RECONNECTION FEE	-	$ 15.00
ADMINISTRATIVE FEE	-	$ 15.00

1. The disconnection fee shall increase automatically, without notice, with any increase in such corresponding fees as may now or hereafter be approved by the Public Service Commission of West Virginia and set forth in the Water Company's tariffs.

2. The reconnection fees shall increase automatically, without notice, with any increase in such corresponding fees as may now or hereafter be approved by the Public Service Commission of West Virginia and set forth in the Water Company's tariffs.

3. The Administration fee shall increase automatically, without notice, with any increase in such corresponding fees as may now or hereafter be approved by the Public Service Commission of West Virginia and set forth in the Water Company's tariffs.

WATER SERVICE TERMINATION AGREEMENT

THIS AGREEMENT, made this 17th day of July, 2002 by and between Hancock County Public Service District, a public service district with sewer authority in the State of West Virginia (hereinafter referred to as "Sewer Authority"), and the City of Chester Water & Sewer Board, a municipality with water authority in the State of West Virginia (hereinafter referred to as "Water Company"), having its principal office at 375 Carolina Avenue, Chester, WV 26034 .

WITNESSETH:

THAT WHEREAS, the Sewer Authority is engaged in supplying sewer service to the citizens and residents within its service area; and,

WHEREAS, the Sewer Authority is experiencing difficulty in the collection of delinquent sewer fees through statutory means such as the imposition of liens and institution of civil actions; and,

WHEREAS, a contributing factor to the Sewer Authority's collection problem is its inability to enforce payment through the termination of sewer service to delinquent customers; and,

WHEREAS, the Water Company is the owner and operator of a water distribution system servicing some or all of the customers of the Sewer Authority, under the applicable Rules and Regulations of the Public Service Commission of West Virginia (hereinafter "Commission"); and,

WHEREAS, the Water Company is required by law, at the request and direction of the

Sewer Authority and with the approval of the Commission, to terminate the supply of water from its system to any customer or premises with regard to which the fees for sewer service supplied thereto by the Sewer Authority are delinquent; and,

WHEREAS, the Water Company is willing to cooperate and assist the Sewer Authority in the collection of its delinquent accounts upon the terms hereinafter set forth.

NOW, THEREFORE, the parties hereto do mutually agree that:

1. Upon receipt by the Water Company of a written request by the Sewer Authority for termination of water service to a specified customer or premises with regard to which the fees for sewer service provided by the Sewer Authority shall not have been paid for a period not less than sixty (60) days from the due date thereof, together with the hereinafter mentioned fee and affidavit, the Water Company will, within three (3) regular working days following receipt of the aforesaid written request (except as otherwise provided below), discontinue the supply of water from its system to such customer or premise until it is advised in writing by the Sewer Authority either that (i) all delinquent fees (for which a customer's water service may be terminated under this agreement), together with any interest thereon or other permissible charges pertaining thereto, have been paid, or (ii) a satisfactory payment plan has been initiated pursuant to Rule 4.08 (5)(b) of the Commission's Rules and Regulations for the Government of Water Utilities, or (iii) until the Sewer Authority otherwise directs. It is expressly understood and agreed that the three (3) day termination responded period set forth above may be extended at the sole discretion of the Water Company to a maximum of six (6) days when and if necessary due to a large number of termination requests or for other scheduling problems. The Water Company shall not terminate water service to any customer or premises pursuant to this agreement (i) prior to the expiration of the notice period required by the terms of Rule 4.08(l)(c) of the Rules and

Regulations for the Government of Water Utilities, or (ii) on a Friday, Saturday, or Sunday, day prior to a legal holiday, or if an emergency exists. All disconnections of water service shall be performed between the hours of 8:30 a.m. and 4:00 p.m.

2. The Sewer Authority shall pay to the Water Company, concurrently with delivery of the aforesaid written request for discontinuance of water service, a termination fee for each water service to be terminated, said fee to be in the amount set forth on Schedule A attached hereto. In addition, the Sewer Authority shall also pay to the Water Company, concurrently with a request for restoration of a water service previously terminated at the Sewer Authority's request, a reconnection fee in the amount set forth on the attached Schedule A for each water service restored by the Water Company. However, should the Water Company collect payment from the Customer at the time of the scheduled disconnection, the Water Company shall retain the termination fee as an administrative fee.

It is understood and agreed that aforesaid fees for termination and restoration of water service shall automatically increase without further notice or action by the Water Company, upon an increase in such corresponding fees as may now or hereafter be approved by the Commission and set forth in the Water Company's tariffs.

The customer shall reimburse the Sewer Authority for any termination and reconnection fees, or other costs previously paid by the Sewer Authority with regard to such customer, provided said customer is notified pursuant to Water Rule 4.098(l)(c) that in the event water service is terminated the customer will be responsible for such fees charged to the Sewer Authority by the Water Company and that these fees and charges be specifically expressed in the termination notice.

The Water Company shall, within thirty (30) days after collecting any delinquent fees for

sewer service, pay the amount collected to the Sewer Authority.

3. The Sewer Authority shall deliver to the Water Company, concurrently with delivery of the aforesaid written request for termination of water service and the aforesaid termination fee, an affidavit executed by an officer or authorized employee of the Sewer Authority stating:

(a) that the delinquent sewer fees upon which the Sewer Authority's request for termination of water service is based were incurred by the present occupant of the premises or a member of the same household or that someone other that the occupant of the premises is liable for the payment of the delinquent sewer fees, such as a landlord pursuant to West Virginia Code §16-13A-9; and

(b) that the Sewer Authority has given written notice to one or more persons liable for payment of the delinquent sewer fees, pursuant to the aforesaid Rule 4.08(l)(c) of the Commission's rules, of the Sewer Authority's intention to request termination of water service, a copy of which notice shall be attached to said affidavit.

4. The Water Company shall not be liable for any loss, damage or other claim asserted by the owner or occupant of the premises, the Sewer Authority's customer, the Water Company's customer or any other person or corporation, including the Sewer Authority, based on or arising out of the termination of such supply of water, and the Sewer Authority does hereby indemnify and save harmless the Water Company, its agents, officers, including counsel fees and expenses incurred in connection therewith, except to the extent that any such loss, damage or claim, or portion thereof, is finally adjudicated to be the proximate result of the negligence, omissions or willful acts of the Water Company, its agent and employees. In this regard, the Sewer Authority further agrees as follows:

(a) the Sewer Authority shall provide the Water Company a working telephone number to

which customer inquiries resulting from termination of water service at the request of the Sewer Authority for delinquent sewer bills may be referred.

(b) the Sewer Authority shall be responsible for promptly answering all complaints, either verbal or written, lodged with the Commission, or received by or directed toward the Water Company, due to termination of water service at the request of the Sewer Authority for delinquent sewer bills. The Water Company shall promptly forward any such complaints received by it to the Sewer Authority.

(c) the Water Company shall not be responsible for collecting delinquent sewer bills at its office or the office of any of its agents, unless pursuant to a separate written agreement between the parties hereto. It is further agreed that should the Water Company be required to collect at the time of a reconnection any delinquent fees or reconnection fees due the Sewer Authority at the residence of a customer, it shall be required to accept only a check or money order properly made payable to the Sewer Authority in the amount due and owing. The Water Company shall not be required to handle or accept cash due the Sewer Authority. Prior to any reconnections, the Sewer Authority shall make all payment arrangements with its customers and advise the Water Company of the amount which is to be collected by it at the time of reconnection. The Water Company shall not be required to accept any amount other than that set forth by the Sewer Authority.

5. This Agreement shall become effective upon receipt by the Water Company of an original or counterpart hereof, duly executed by both parties hereto, shall continue thereafter for a period of ten (10) years and shall automatically be renewed for like successive periods unless and until terminated as hereafter provided. This agreement may be terminated at any time by order of the Commission or by either party hereto upon written notice in the event of legislative

enactments, court rulings or administrative rulings which render all or any of the terms hereof null, void or unenforceable.

6. It is understood and agreed by the parties hereto that the Water Company may be required to comply with any existing or future regulations of the Commission relating to notice of termination of service, in addition to any other notice that might be required under this contract or any applicable statute or ordinance. It is further understood and agreed by the parties hereto that the Water Company is under no obligation to the Sewer Authority to investigate, verify or make any inquiry in respect of any affidavit or notice submitted to the Water Company by the Sewer Authority.

7. The Sewer Authority shall deliver all written requests, statements, fees, notices and other documents or payments called for or permitted by the terms of this agreement to the Water Company at the following address:

Chester Sanitary Board
375 Carolina Avenue
Chester, WV 26034

8. This agreement may be executed in any number of counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Upon execution by both parties hereto, one counterpart of this agreement shall be filed with the Commission by the Sewer Authority.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed and attested by their proper officers and their respective seals, if any, to be hereto affixed the day and year first above written.

Signed this 17th day of July, 2008

FOR CHESTER WATER & SEWER BOARD:

(Seal)

ATTEST:

Secretary

By: Chairman

FOR HANCOCK COUNTY PUBLIC SERVICE DISTRICT:

(Seal)

ATTEST:

Secretary

By: Chairman

SCHEDULE A

FEES FOR THE DISCONNECTION AND RE-CONNECTION OF WATER SERVICE

DISCONNECTION FEE	-	$ 15.00
RE-CONNECTION FEE	-	$ 15.00
ADMINISTRATIVE FEE	-	$ 15.00

1. The disconnection fee shall increase automatically, without notice, with any increase in such corresponding fees as may now or hereafter be approved by the Public Service Commission of West Virginia and set forth in the Water Company's tariffs.

2. The re-connection fees shall increase automatically, without notice, with any increase in such corresponding fees as may now or hereafter be approved by the Public Service Commission of West Virginia and set forth in the Water Company's tariffs.

3. The Administration fee shall increase automatically, without notice, with any increase in such corresponding fees as may now or hereafter be approved by the Public Service Commission of West Virginia and set forth in the Water Company's tariffs.

CONSUMPTION READING AGREEMENT

THIS AGREEMENT, made this 25th day of July, 2002, by and between Hancock County Public Service District, a public service district of the State of West Virginia, and the City of New Cumberland Water and Sewer Board, a municipality with water authority in the State of West Virginia.

The Hancock County Public Service District would like to enter into an agreement with the City of New Cumberland that the City would supply Hancock County with water meter readings of the customers who receive sewer service from Hancock County PSD. No fee is associated with this service at this time, however, this agreement may be revisited annually. This agreement is based on the approval of the Public Service Commission of West Virginia.

For Hancock County Public Service District:

By: _____
Chairman

For New Cumberland Water & Sewer Board:

By: Richard D Blackwell
Chairman

CONSUMPTION READING AGREEMENT

THIS AGREEMENT, made this 25th day of July, 2002, by and between Hancock County Public Service District, a public service district of the State of West Virginia, and Tomlinson Public Service District, a public service district of the State of West Virginia.

The Hancock County Public Service District would like to enter into an agreement with the Tomlinson Public Service District that Tomlinson would supply Hancock County with water meter readings of the customers who receive sewer service from Hancock County PSD. No fee is associated with this service at this time, however, this agreement may be revisited annually. This agreement is based on the approval of the Public Service Commission of West Virginia.

For Hancock County Public Service District:

By: _____
Chairman

For Tomlinson Public Service District:

By: David R Stevens Manager for Robert S. Hobbs
Chairman

CONSUMPTION READING AGREEMENT

THIS AGREEMENT, made this 17th day of July, 2002, by and between Hancock County Public Service District, a public service district of the State of West Virginia, and the City of Chester Water & Sewer Board, a municipality with water authority in the State of West Virginia.

The Hancock County Public Service District would like to enter into an agreement with the City of Chester that the City would supply Hancock County with water meter readings of the customers who receive sewer service from Hancock County PSD. No fee is associated with this service at this time, however, this agreement may be revisited annually. This agreement is based on the approval of the Public Service Commission of West Virginia.

For Hancock County Public Service District:

By: _____
Chairman

For Chester Water & Sewer Board:

By: _____
Chairman

RECEIVED
JUL 24 2002
B. H. J. PLANNING COMMISSION

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS,
SERIES 1995 A AND SERIES 1995 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND RESOLUTION

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HANCOCK COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $289,532 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN $1,080,088 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 AND RATIFYING 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 HANCOCK COUNTY 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 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

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

B. The Issuer does not presently own or operate a public sewerage system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain public sewerage facilities of the Issuer, consisting of approximately 64,900 feet of vacuum sewer line, 9,100 feet of gravity sewer, 25,000 feet of vacuum/gravity sewers, 8,500 feet of forcemain, two vacuum collection/pumping stations and nine grinder pump facilities, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the Project and any further improvements or extensions thereto are herein called the "System") at an estimated cost of not more than $6,400,074, 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 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 on the Bonds (as hereinafter defined) and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Series 1995 C Bonds Resolution (as hereinafter defined).

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the aggregate principal amount of not more than $1,500,000 in two series, consisting of the Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority) (the "Series 1995 A Bonds") and the Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority) (the "Series 1995 B Bonds" and together with the Series 1995 A Bonds, herein called the "Bonds"), each series initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. 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 upon the 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 (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the 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 Bonds or the repayment of indebtedness

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

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

F. It is in the best interests of the Issuer that its Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

G. The Series 1995 A Bonds and Series 1995 B Bonds shall be issued concurrently and on a parity as to liens, pledge and source of and security for payment. In addition, there will be issued concurrently with the Bonds, on the Closing Date, additional obligations of the Issuer which rank on a parity with the Bonds as to liens, pledge and source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program) (the "Series 1995 C Bonds"), to be issued pursuant to a separate resolution adopted by the Issuer simultaneously herewith on December 6, 1995 (the "Series 1995 C Bonds Resolution"). Other than the Bonds and the Series 1995 C Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. 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 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval (or "grandfathering") of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity and approval of 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 Bonds or such final order will not be subject to appeal or rehearing.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of 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 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

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

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

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

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

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

"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.

"Bonds" means, collectively, the Series 1995 A Bonds, the Series 1995 B Bonds, the Series 1995 C Bonds and, where appropriate, any bonds on a parity therewith subsequently issued hereunder or pursuant to another resolution of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase price of the 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.

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

"Consulting Engineers" means L. Robert Kimball & Associates, Inc., Moon Township, Pennsylvania, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System or portion thereof; 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 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"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 all moneys received by the Issuer on account of any Grant for the Project.

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

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

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the 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 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Bonds Reserve Account. 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 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, 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, the SRF Administrative Fee (as defined in the Series 1995 C Bonds Resolution) 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 or the Series 1995 C 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 moneys, 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 which may be issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

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

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

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of the water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of approximately 64,900 feet of vacuum sewer line, 9,100 feet of gravity sewer, 25,000 feet of vacuum/gravity sewers, 8,500 feet of forcemain, two vacuum collection/pumping stations and nine grinder pump facilities, together with all appurtenant facilities.

"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 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 from federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any reserve account for the 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 1995 A Bonds" means the not more than $289,532 aggregate principal amount of Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 1995 A Bonds Reserve Account" means the Series 1995 A Bonds Reserve Account established in the Series 1995 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1995 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 1995 A Bonds in the then current or any succeeding year.

"Series 1995 A Bonds Sinking Fund" means the Series 1995 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1995 B Bonds" means the not more than $1,080,088 aggregate principal amount of Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 1995 B Bonds Reserve Account" means the Series 1995 B Bonds Reserve Account established in the Series 1995 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1995 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 1995 B Bonds in the then current or any succeeding year.

"Series 1995 B Bonds Sinking Fund" means the Series 1995 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1995 C Bonds" means the not more than $883,974 aggregate principal amount of Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of the Issuer.

"Series 1995 C Bonds Construction Trust Fund" means the Series 1995 C Bonds Construction Trust Fund pursuant to Section 5.01 of the Series 1995 C Bonds Resolution.

"Series 1995 C Bonds Reserve Account" means the Series 1995 C Bonds Reserve Account established in the Series 1995 C Bonds Sinking Fund pursuant to Section 5.02 of the Series 1995 C Bonds Resolution.

"Series 1995 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1995 C Bonds in the then current or any succeeding year.

"Series 1995 C Bonds Resolution" means the resolution of the Issuer adopted simultaneously herewith on December 6, 1995, authorizing the Series 1995 C Bonds.

"Series 1995 C Bonds Sinking Fund" means the Series 1995 C Bonds Sinking Fund established by Section 5.02 of the Series 1995 C Bonds Resolution.

"Sinking Funds" means, collectively, the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund.

"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 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the 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 Series 1995 C Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the respective Reserve Accounts.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

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

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $6,400,074, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated not to exceed $6,400,074, of which approximately $289,532 will be obtained from proceeds of the Series 1995 A Bonds, approximately $1,080,088 will be obtained from proceeds of the Series 1995 B Bonds, approximately $883,974 will be obtained from proceeds of the Series 1995 C Bonds, approximately $3,990,230 from a grant by the United States Environmental Protection Agency, and approximately $156,250 from the funds of the Issuer.

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 Bonds, funding reserve accounts for the Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the 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 the Bonds of the Issuer. The Series 1995 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority)," in the principal amount of not more than $289,532, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 1995 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority)", in the principal amount of not more than $1,080,088, and shall have such terms as are set forth hereinafter and in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Bonds, if any, shall be deposited in or credited to the 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 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually 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. The 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 Bonds 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 Bonds shall be issued in the form of a single bond of each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Holder 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, substantially corresponding to the principal installments or maturities of the Bonds being exchanged; provided that, the net interest cost amount on the exchanged Bonds shall not exceed the net interest cost amount on the Bonds being

exchanged; and provided further 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. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

Section 3.03. Execution of Bonds. The 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 Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any 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 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 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 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 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 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The 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 and amounts, if any, in the Sinking Funds and the Reserve Accounts. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Parity Pledge of Net Revenues. The payment of the debt service of the Series 1995 A Bonds and Series 1995 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived

from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 1995 C Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the 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 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the 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 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 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 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1995 A Bonds and the Series 1995 B Bonds shall be in substantially the following respective 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 1995 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1995 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That the HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" 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, and such interest shall be payable on April 1 and October 1 in each year, beginning _____, 199___. 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 One Valley Bank, National Association, 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 _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199___, and a Supplemental Resolution duly adopted by the Issuer on _____, 199___ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. 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 PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 B BONDS") AND SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM) (THE "SERIES 1995 C BONDS"), BOTH DATED _____, 199___, ISSUED CONCURRENTLY HEREWITH.

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 parity with the pledge of Net Revenues in favor of the Holders of the Series 1995 B Bonds and the Series 1995 C Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 A 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 which 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 or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1995 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the

Series 1995 B Bonds and the Series 1995 C Bonds; provided however, that so long as there exists in the Series 1995 A 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 prior to or on a parity with the Bonds, including the Series 1995 B Bonds and Series 1995 C 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 the 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 moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside 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, HANCOCK COUNTY 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 _____, 199___.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 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: _____, 199___.

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

_____
Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(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 1995 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1995 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That the HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" 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, and such interest shall be payable on April 1 and October 1 in each year, beginning _____, 199___. 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 One Valley Bank, National Association, 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 _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199___, and a Supplemental Resolution duly adopted by the Issuer on _____, 199___ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. 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 PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 A BONDS") AND SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM) (THE "SERIES 1995 C BONDS"), BOTH DATED _____, 199___, ISSUED CONCURRENTLY HEREWITH.

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 parity with the pledge of Net Revenues in favor of the Holders of the Series 1995 A Bonds and the Series 1995 C Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 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 which 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 or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1995 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the

Series 1995 A Bonds and the Series 1995 C Bonds; provided however, that so long as there exists in the Series 1995 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 prior to or on a parity with the Bonds, including the Series 1995 A Bonds and Series 1995 C 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 the 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 moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside 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, HANCOCK COUNTY 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 _____, 199___.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 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: _____, 199___.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

_____
Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(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 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.

Section 3.12. "Amended Schedule A" Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, 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 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;

(2) Renewal and Replacement Fund;

(3) Construction Trust Fund;

(4) Series 1995 C Bonds Construction Trust Fund (established by the Series 1995 C Bonds Resolution); and

(5) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or confirmed if concurrently established by the Series 1995 C Bonds Resolution) 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 1995 A Bonds Sinking Fund;

(2) Within the Series 1995 A Bonds Sinking Fund, the Series 1995 A Bonds Reserve Account;

(3) Series 1995 B Bonds Sinking Fund;

(4) Within the Series 1995 B Bonds Sinking Fund, the Series 1995 B Bonds Reserve Account;

(5) Series 1995 C Bonds Sinking Fund (established by the Series 1995 C Bonds Resolution); and

(6) Within the Series 1995 C Bonds Sinking Fund, the Series 1995 C Bonds Reserve Account (established by the Series 1995 C Bonds Resolution).

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 in the Series 1995 C Bonds Resolution 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 this Bond Legislation and in the Series 1995 C Bonds Resolution. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month transfer from the Revenue Fund and disburse as required the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) commencing 7 months prior to the first date of payment of interest on the Series 1995 A Bonds for which interest has not been capitalized, remit to the Commission for deposit in the Series 1995 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1995 A 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 1995 A 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, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, (ii) commencing 7 months prior to the first date of payment of interest on the Series 1995 B Bonds for which interest has not been capitalized, remit to the Commission for deposit in the Series 1995 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1995 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 1995 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, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, (iii) commencing 13 months prior to the first date of payment of principal of the Series 1995 A Bonds, remit to the Commission for deposit in the Series 1995 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1995 A 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 1995 A 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, one

of principal coming due on such date, (iv) commencing 13 months prior to the first date of payment of principal of the Series 1995 B Bonds, remit to the Commission for deposit in the Series 1995 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1995 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 1995 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, one month prior to the next annual principal payment date, the required amount of principal coming due on such date, and (v) remit to the Commission the amounts required by the Series 1995 C Bonds Resolution to be deposited in the Series 1995 C Bonds Sinking Fund for payment of the principal of and interest, if any, on the Series 1995 C Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) commencing 13 months prior to the first date of payment of principal of the Series 1995 A Bonds, if not fully funded upon issuance of the Series 1995 A Bonds, remit to the Commission for deposit in the Series 1995 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1995 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1995 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 1995 A Bonds Reserve Requirement, (ii) commencing 13 months prior to the first date of payment of principal of the Series 1995 B Bonds, if not fully funded upon issuance of the Series 1995 B Bonds, remit to the Commission for deposit in the Series 1995 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1995 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1995 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 1995 B Bonds Reserve Requirement, and (iii) remit to the Commission the amount required by the Series 1995 C Bonds Resolution to be deposited in the Series 1995 C Bonds Reserve Account.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, transfer to the Renewal and Replacement Fund, 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 the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account or the Series 1995 C Bonds Reserve Account shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1995 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1995 A Bonds as the same shall become due. Moneys in the Series 1995 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1995 A Bonds as the same shall come due, when other moneys in the Series 1995 A Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Moneys in the Series 1995 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1995 B Bonds as the same shall become due. Moneys in the Series 1995 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1995 B Bonds as the same shall come due, when other moneys in the Series 1995 B Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Sinking Funds and the Reserve Accounts (if equal to at least the Reserve Requirement) 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 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 due on the Bonds, and then to the next ensuing principal payment due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder; any withdrawals from the Reserve Accounts which result in a reduction in the balance of the Reserve Accounts to below the respective Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full to the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the 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 appropriate reserve account in an amount equal

to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

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

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity and pro rata, with respect to the Series 1995 A Bonds, the Series 1995 B Bonds and the Series 1995 C Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds and the Reserve Accounts created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Sinking Funds and the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund permitted hereunder, the Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bonds under the conditions and restrictions hereinafter set forth.

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

D. 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.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund and the Rebate Fund 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.

F. 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 Section 5.03 of the Series 1995 C Bonds Resolution, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

I. All Tap Fees shall be deposited pro rata, by the Issuer, as received, in the Construction Trust Fund and Series 1995 C 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; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Bonds, the following amounts shall be first deducted and deposited pro rata, in the order set forth below:

A. From the proceeds of the Bonds or from other funds available to the Issuer, there shall first be deposited with the Commission in the Sinking Funds, 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 Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Bonds or from other funds available to the Issuer, there shall be deposited with the Commission in the Reserve Accounts, the amount, if any, set forth in the Supplemental Resolution for funding the Reserve Accounts.

C. Next, from the proceeds of the Bonds, there shall first be credited to the Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Construction Trust Fund set forth in the Bond Legislation. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 6.02. Disbursements From the Construction Trust Fund. Payments for Costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Construction Trust Fund (except for the costs

of issuance of the Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(A) That none of the items for which the 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 made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Construction Trust Fund to the Reserve Accounts, and when fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund; provided that, in no event shall more than 10% of the proceeds of the Bonds be deposited in the Reserve Accounts and any balance in excess of said amounts shall be returned to the Issuer for deposit in the Revenue Funds. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments due on the Bonds and thereafter to the next ensuing principal payments due thereon.

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 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 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The 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 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Bonds or the interest thereon.

Section 7.03. Bonds Secured by Parity Pledge of Net Revenues. The payment of the debt service of the Series 1995 A Bonds and Series 1995 B Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with each other and with the lien on said Net Revenues in favor of the Holders of the Series 1995 C Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the 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 initial schedule of sewer 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 or entered November 1, 1995, in Case No. 90-558-PSD-CN (Reopened), and such rates are hereby adopted.

Section 7.05. Sale of the System. Except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation 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 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, pro rata with respect to the principal amount of each of the Bonds then Outstanding, and, with the written permission of the Authority, 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 at maturity of and interest on the Bonds in such manner. Any balance remaining after the payment of all Bonds and interest 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, 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 upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds 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 over 50% in amount 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 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 Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except 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 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 Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority 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. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

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

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, 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 on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution or the Series 1995 C Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

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

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

Within 30 days of the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of such extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

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

Notwithstanding the foregoing, or any provision of Section 7.06 hereof to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of the Parity Bonds.

Section 7.08. Books; Records and Facilities. 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, or its 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 such documents and information as it 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, or its agents and representatives, to inspect all records pertaining to the operation 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 Consulting Engineers, the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of the 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 shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Bonds and shall submit said report to the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of 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 requirements.

The Issuer shall permit the Authority, or its 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, or its 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 with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1995 C Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Bonds, including the Series 1995 C 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1995 C Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the Public Service Commission order described in Section 7.04.

Section 7.10. Operating Budget; Audit 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 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 the Consulting 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 the Consulting Engineers 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 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 to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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 as Exhibit C, and forward a copy of such report to the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan 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, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer agrees that qualified operating personnel properly certified by the State will be employed to operate the System so long as the Series 1995 Bonds are Outstanding.

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 30 days after the same shall become due and payable, the property and the owner thereof, as well as 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 and any services and facilities of the water system, if so owned by the Issuer, 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 of either system 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. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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 any of 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 and 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 for 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 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. 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion 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 will obtain 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 necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

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

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

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1995 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

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

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the 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 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1995 C Bonds.

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 (17CFR Part 240).

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys 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 moneys 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 moneys 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, except as otherwise provided with respect to the Rebate Fund. 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, the Depository Bank, or such other bank or national banking association, as the case may be, 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 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 if 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 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded

from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer

fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1995 A Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

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 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the 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 Bonds set forth in this Bond Legislation, any supplemental resolution or in the 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, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer or 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 Series 1995 C Bonds or the Series 1995 C Bonds 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 Bonds shall be on a parity with the Holders of the Series 1995 C 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 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

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of the Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 Owners of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the 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 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 exclusion of interest on the 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 Series 1995 C Bonds Resolution, the Supplemental Resolutions thereto, or the 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 Series 1995 C Bonds Resolution, the more restrictive provision shall control.

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, the Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

(a) The maximum amount of the Bonds to be issued;

(b) The maximum interest rate and terms of the Bonds authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 6th day of December, 1995.

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of HANCOCK COUNTY PUBLIC SERVICE DISTRICT on the 6th day of December, 1995.

Dated: December 7, 1995.

[SEAL]

Secretary

12/04/95
HANJM.A4
373520/90001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 3.]

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority)
and Series 1995 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 PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A 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 Hancock County Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective December 6, 1995 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $289,532 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN $1,080,088 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY);

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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 AND RATIFYING 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 Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority) and Series 1995 B (West Virginia Water Development Authority), of the Issuer (collectively, the "Bonds" and individually, the "Series 1995 A Bonds" and the "Series 1995 B Bonds"), in the respective aggregate principal amounts not to exceed $289,532 (Series 1995 A Bonds) and $1,080,088 (Series 1995 B Bonds), and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, 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 and that the Loan Agreement be approved and entered into 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 and the sale price 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 HANCOCK COUNTY 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. The Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $289,532. The Series 1995 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2033, and shall bear interest at the rate of 6.75% per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1996. The Series 1995 A Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 1997, and ending October 1, 2033, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Series 1995 A Bonds. The Series 1995 A 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 1995 A Bonds. The Issuer shall, if requested by the Authority, exchange the Series 1995 A Bond for one or more series of Bonds as provided herein and in the Bond Resolution; provided that, the aggregate principal amount and the net interest cost amount of the exchanged Bonds do not exceed $289,532 and 6.75% respectively, and the exchanged Bonds have in the aggregate substantially similar principal installments.

B. The Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,080,088. The Series 1995 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2035, and shall bear interest at the rate of 6.75% per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1996. The Series 1995 B Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 1997, and ending October 1, 2035, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Series 1995 B Bonds. The Series 1995 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 1995 B Bonds. The Issuer shall, if requested by the Authority, exchange the Series 1995 B Bond for one or more series of Bonds as provided herein and in the Bond Resolution; provided that, the aggregate principal amount and the net interest

cost amount of the exchanged Bonds do not exceed $1,080,088 and 6.75% respectively, and the exchanged Bonds have in the aggregate substantially similar principal installments.

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 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 Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds 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 direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint United National Bank, Weirton, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1995 A Bonds proceeds in the amount of -0- shall be deposited in the Series 1995 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1995 A Bonds proceeds in the amount of -0- shall be deposited in the Series 1995 A Bonds Reserve Account.

Section 9. Series 1995 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1995 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 1995 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1995 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Bonds shall be deposited in or credited to the Construction Trust Fund for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 12. 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 7, 1995, to the Authority pursuant to the Loan Agreement.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys 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 moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 6th day of December, 1995.

HANCOCK COUNTY PUBLIC SERVICE
DISTRICT

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Hancock County Public Service District on the 6th day of December, 1995.

Dated: December 7, 1995.

[SEAL]

Secretary

12/04/95
HANJM.G5
373520/90001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 A (West Virginia Water Development Authority)
and Series 1995 B (West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

WHEREAS, the Public Service Board (the "Governing Body") of Hancock County Public Service District (the "Issuer"), has duly and officially adopted a supplemental resolution, effective December 6, 1995 (the "Prior Supplemental Resolution"), entitled:

> SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A 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, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Prior Supplemental Resolution when used herein;

WHEREAS, the Prior Supplemental Resolution provides that the Issuer shall, if requested by the Authority, exchange the Series 1995 B Bond for one or more series of Bonds; provided that, the aggregate principal amount and the net interest cost amount of the exchanged Bonds do not exceed $1,080,088 and 6.75% respectively, and the exchanged Bonds have in the aggregate substantially similar principal installments;

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WHEREAS, the Authority has requested the Issuer to exchange the Series 1995 B Bond delivered on December 7, 1995, for another fully registered Bond of the same series in the aggregate principal amount of $1,080,088 at a net interest cost of 6.25%; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted to approve the exchange of the Series 1995 B Bond;

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

Section 1. Pursuant to the Prior Supplemental Resolution and the Act, this Supplemental Resolution is hereby adopted. The Issuer is hereby authorized and ordered to exchange the Series 1995 B Bond delivered on December 7, 1995, for the following bond of the Issuer:

The Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,080,088. The Series 1995 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2035, and shall bear interest at the rate of 6.25% per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1996. The Series 1995 B Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 1997, and ending October 1, 2035, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Series 1995 B Bonds. The Series 1995 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 1995 B 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 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 exchange of the Series 1995 B Bond, to the end that the exchanged Bonds may be delivered on or about January 9, 1996, to the Authority. The Chairman is hereby authorized to make any adjustments to the accounts established for the Bonds at the West Virginia Municipal Bond Commission.

Adopted this 3rd day of January, 1996.

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Hancock County Public Service District on the 3rd day of January, 1996.

Dated: January 9, 1996.

[SEAL]

Secretary

01/02/96
HANJM.EE2
373520/90001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1995 C
(WEST VIRGINIA SRF PROGRAM)

BOND RESOLUTION

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HANCOCK COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS, TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $883,974 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM); 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 HANCOCK COUNTY 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 22C, Article 2 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. The Hancock County Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Hancock County of said State.

B. The Issuer presently owns and operates a public sewerage 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 public sewerage facilities of the Issuer, consisting of approximately 64,900 feet of vacuum sewer line, 9,100 feet of gravity sewer, 25,000 feet of vacuum/gravity sewers, 8,500 feet of forcemain, two vacuum collection/pumping stations and nine grinder pump facilities, together with all appurtenant facilities (collectively, the "Project") (the Project and any further improvements or extensions thereto are herein called the "System") at an estimated cost of not more than $6,400,074, 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 intends to permanently finance a portion of such costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), in the aggregate principal amount of not more than $950,000 (the "Series 1995 C Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. 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 upon the Series 1995 C 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 Series 1995 C Bonds Reserve Account (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 1995 C 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 1995 C Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1995 C Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, (the "Loan Agreement") to be approved hereby if not previously approved by resolution of the Issuer.

G. There will be issued concurrently with the Series 1995 C Bonds, on the Closing Date, obligations of the Issuer which rank on a parity with the Series 1995 C Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority) (the "Series 1995 A Bonds") and Series 1995 B (West Virginia Water Development Authority (the "Series 1995 B Bonds"), to be issued pursuant to a separate resolution adopted by the Issuer simultaneously herewith on December 6, 1995 (the "Series 1995 A and Series 1995 B Bonds Resolution"). Other than the Series 1995 A Bonds and the Series 1995 B Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. 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 on the Bonds (as hereinafter defined) and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Series 1995 A and Series 1995 B Bonds Resolution, all as such terms are hereinafter defined.

I. 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 1995 C Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval (or "grandfathering") of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council obtaining of a certificate of 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 1995 C Bonds or such final order will not be subject to appeal or rehearing.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1995 C 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

"Closing Date" means the date upon which there is an exchange of the Series 1995 C Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1995 C 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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Construction Trust Fund" means the Construction Trust Fund established by Section 5.01 of the Series 1995 A and Series 1995 B Bonds Resolution.

"Consulting Engineers" means L. Robert Kimball & Associates, Inc., Moon Township, Pennsylvania, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; 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 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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

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

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

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

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means the Hancock County Public Service District, a public service district and a public corporation in Hancock County, 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 among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1995 C 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 1995 C Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1995 C Bonds Reserve Account. 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 1995 C Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1995 C Bonds and is not acquired in order to carry out the governmental purpose of the Series 1995 C Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance 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, the SRF Administrative Fee, 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 Series 1995 A Bonds or the Series 1995 B Bonds or the Series 1995 C 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 moneys, 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 which may be 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 1995 C Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

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

"Project" means the acquisition and construction of public sewerage facilities of the Issuer, consisting of approximately 64,900 feet of vacuum sewer line, 9,100 feet of gravity sewer, 25,000 feet of vacuum/gravity sewers, 8,500 feet of forcemain, two vacuum collection/pumping stations and nine grinder pump facilities, together with all appurtenant facilities.

"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 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, Inc. or Standard & Poor's Corporation.

"Rebate Fund" means the Rebate Fund established by Section 5.01 of the Series 1995 A and Series 1995 B Bonds Resolution.

"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 established by Section 5.01 of the Series 1995 A and Series 1995 B Bonds Resolution.

"Reserve Accounts" means, collectively, the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any reserve account for the Bonds.

"Revenue Fund" means the Revenue Fund established by Section 5.01 of the Series 1995 A and Series 1995 B Bonds Resolution.

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

"Series 1995 A Bonds" means the not more than $289,532 aggregate principal amount of Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), of the Issuer.

"Series 1995 A Bonds Reserve Account" means the Series 1995 A Bonds Reserve Account established in the Series 1995 A Bonds Sinking Fund pursuant to Section 5.02 of the Series 1995 A and Series 1995 B Bonds Resolution.

"Series 1995 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 1995 A Bonds in the then current or any succeeding year.

"Series 1995 A Bonds Sinking Fund" means the Series 1995 A Bonds Sinking Fund established by Section 5.02 of the Series 1995 A and Series 1995 B Bonds Resolution.

"Series 1995 B Bonds" means the not more than $1,080,088 aggregate principal amount of Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), of the Issuer.

"Series 1995 B Bonds Reserve Account" means the Series 1995 B Bonds Reserve Account established in the Series 1995 B Bonds Sinking Fund pursuant to Section 5.02 of the Series 1995 A and Series 1995 B Bonds Resolution.

Series 1995 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 1995 B Bonds in the then current or any succeeding year.

"Series 1995 B Bonds Sinking Fund" means the Series 1995 B Bonds Sinking Fund established by Section 5.02 of the Series 1995 A and Series 1995 B Bonds Resolution.

"Series 1995 A and Series 1995 B Bonds Resolution" means the resolution of the Issuer adopted simultaneously herewith on December 6, 1995, authorizing the Series 1995 A Bonds and Series 1995 B Bonds.

"Series 1995 C Bonds" means the not more than $883,974 in aggregate principal amount of Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 1995 C Bonds Construction Trust Fund" means the Series 1995 C Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1995 C Bonds Reserve Account" means the Series 1995 C Bonds Reserve Account established in the Series 1995 C Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1995 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1995 C Bonds in the then current or any succeeding year.

"Series 1995 C Bonds Sinking Fund" means the Series 1995 C Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"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 resolution authorizing the sale of the Series 1995 C Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1995 C Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1995 A Bonds, the Series 1995 C Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the respective Reserve Accounts.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

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

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $6,400,074, 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 1995 C 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, compatible with the financing plan submitted to the SRF Program.

The cost of the Project is estimated not to exceed $6,400,074, of which approximately $289,532 will be obtained from proceeds of the Series 1995 A Bonds, approximately $1,080,088 will be obtained from proceeds of the Series 1995 B Bonds, approximately $883,974 will be obtained from proceeds of the Series 1995 C Bonds, approximately $3,990,230 from a grant by the United States Environmental Protection Agency, and approximately $156,250 from the funds of the Issuer.

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 1995 C Bonds, funding a reserve account for the Series 1995 C Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1995 C 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 the negotiable Series 1995 C Bonds of the Issuer. The Series 1995 C Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program)", in the principal amount of not more than $883,974, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1995 C Bonds remaining after funding of the Series 1995 C Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1995 C Bonds, if any, shall be deposited in or credited to the Series 1995 C Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1995 C Bonds shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, 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 1995 C 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 1995 C 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 1995 C 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 1995 C Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1995 C Bonds shall be exchangeable at the option and expense of the Holder 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. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest, if any, from the date so specified therein.

Section 3.03. Execution of Bonds. The Series 1995 C 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 1995 C Bonds shall cease to be such officer of the Issuer before the Series 1995 C 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 1995 C 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 1995 C Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 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 1995 C 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 1995 C 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 1995 C 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 1995 C 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 1995 C 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 1995 C Bonds or transferring the registered Series 1995 C Bonds are exercised, all Series 1995 C Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1995 C Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1995 C 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 Series 1995 C Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1995 C Bonds or, in the case of any proposed redemption of Series 1995 C 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 1995 C 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 1995 C 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 and amounts, if any, in the Series 1995 C Bonds Sinking Fund and the Series 1995 C Bonds Reserve Account. No holder or holders of the Series 1995 C Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1995 C Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 1995 C Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on parity with the lien on the Net Revenues in favor of the Holders of the Series 1995 A Bonds and Series 1995 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the 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 1995 C Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1995 C 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 1995 C 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 1995 C 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 1995 C Bonds.

Section 3.10. Form of Bonds. The text of the Series 1995 C 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 1995 C BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1995 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), 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 _____, 199___, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, without interest.

The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 199___, as set forth on EXHIBIT B 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").

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 by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of public sewerage facilities of the Issuer (the "Project"); (ii) [to pay

interest on the hereinafter described Series 1995 A Bonds and Series 1995 B Bonds during construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the hereinafter described Series 1995 A Bonds; (iv) to fund a reserve account for the hereinafter described Series 1995 B Bonds; (v) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (vi)] to pay certain costs of issuance hereof and related costs. 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 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199___, and a Supplemental Resolution duly adopted by the Issuer on _____, 199___ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. 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 PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 A BONDS"); AND SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) (THE "SERIES 1995 B BONDS"), BOTH DATED _____, 199___, ISSUED CONCURRENTLY HEREWITH.

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 parity with the pledge of Net Revenues in favor of the Holders of the Series 1995 A Bonds and Series 1995 B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 C 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 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 1995 C 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 prior to or on a parity with the Bonds, including the Series 1995 A Bonds and the Series 1995 B Bonds; provided however, that so long as there exists in the Series 1995 C 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 prior to or on a parity with the Bonds, including the Series 1995 A Bonds and the Series 1995 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, 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 moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside 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, HANCOCK COUNTY 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 _____, 199___.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 C 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: _____, 199___.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(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 1995 C 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.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, 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 confirmed if concurrently established by the Series 1995 A and Series 1995 B Bonds Resolution) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution);

(2) Renewal and Replacement Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution);

(3) Construction Trust Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution);

(4) Series 1995 C Bonds Construction Trust Fund; and

(5) Rebate Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution).

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or confirmed if concurrently established by the Series 1995 A and Series 1995 B Bonds Resolution) 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 1995 A Bonds Sinking Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution);

(2) Within the Series 1995 A Bonds Sinking Fund, the Series 1995 A Bonds Reserve Account (established by the Series 1995 A and Series 1995 B Bonds Resolution);

(3) Series 1995 B Bonds Sinking Fund (established by the Series 1995 A and Series 1995 B Bonds Resolution);

(4) Within the Series 1995 B Bonds Sinking Fund, the Series 1995 B Bonds Reserve Account (established by the Series 1995 A and Series 1995 B Bonds Resolution);

(5) Series 1995 C Bonds Sinking Fund; and

(6) Within the Series 1995 C Bonds Sinking Fund, the Series 1995 C 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 in the Series 1995 A and Series 1995 B Bonds Resolution 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 this Bond Legislation and in the Series 1995 A and Series 1995 B Bonds Resolution. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month transfer from the Revenue Fund and disburse as required the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) commencing 4 months prior to the first date of payment of principal of the Series 1995 C Bonds, remit to the Commission for deposit in the Series 1995 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal (and interest, if any) which will mature and become due on the Series 1995 C 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 1995 C Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date, and (ii) remit to the Commission the amounts required by the Series 1995 A and Series 1995 B Bonds Resolution to be deposited in the Series 1995 A Bonds Sinking Fund and Series 1995 B Bonds Sinking Fund for payment of the principal of and interest on the Series 1995 A Bonds and Series 1995 B Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) commencing 3 months prior to the first date of payment of principal of the Series 1995 C Bonds, if not fully funded upon issuance of the Series 1995 C Bonds, remit to the Commission for deposit in the Series 1995 C Bonds Reserve Account, an amount equal to 1/120 of the Series 1995 C Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1995 C 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 1995 C Bonds Reserve Requirement, and (ii) remit to the Commission the amount required by the Series 1995 A and Series 1995 B Bonds Resolution to be deposited in the Series 1995 A Bonds Reserve Account and the Series 1995 B Bonds Reserve Account.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, as set forth in the Series 1995 A and Series 1995 B Bonds Resolution and not in addition thereto, transfer to the Renewal and Replacement Fund, 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 the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1995 C Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1995 C Bonds as the same shall become due. Moneys in the Series 1995 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1995 C Bonds as the same shall come due, when other moneys in the Series 1995 C Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1995 C Bonds Sinking Fund and the Series 1995 C Bonds Reserve Account (if fully funded) 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 1995 C 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 due, if any, on the Series 1995 C Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1995 C Bonds Reserve Account which result in a reduction in the balance of the Series 1995 C Bonds Reserve Account to below the Series 1995 C Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full to the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Series 1995 C 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 appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1995 C Bonds Sinking Fund, or the Series 1995 C Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1995 C Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity and pro rata, with respect to the Series 1995 A Bonds, the Series 1995 B Bonds and Series 1995 C 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 1995 C Bonds Sinking Fund and the Series 1995 C 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.

Moneys in the Series 1995 C Bonds Sinking Fund and the Series 1995 C Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1995 C Bonds Sinking Fund, including the Series 1995 C Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1995 C Bonds under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1995 C Bonds, including the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement, 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 Agreement as Exhibit F, 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 said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due.

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund 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 Section 5.03 of the Series 1995 A and Series 1995 B Bonds Resolution, 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 pro rata, by the Issuer, as received, in the Construction Trust Fund and Series 1995 C 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; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1995 C Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1995 C Bonds, there shall first be deposited with the Commission in (i) the Series 1995 A Bonds Sinking Fund, (ii) the Series 1995 B Bonds Sinking Fund, and (iii) the Series 1995 C Bonds Sinking Fund, the amounts, if any, set forth in the respective Supplemental Resolutions as capitalized interest; provided, that such amounts may not exceed the amount necessary to pay interest on the Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1995 C Bonds, there shall be deposited with the Commission in (i) the Series 1995 A Bonds Reserve Account, (ii) the Series 1995 B Bonds Reserve Account and (iii) the Series 1995 C Bonds Reserve Account, the amounts, if any, set forth in the respective Supplemental Resolutions for funding the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account.

C. Next, from the proceeds of the Series 1995 C Bonds, there shall first be credited to the Series 1995 C Bonds Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1995 C Bonds, such moneys shall be deposited with the Depository Bank in the Series 1995 C Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 1995 C Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 1995 C Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 1995 C Bonds Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1995 C Bonds.

Section 6.02. Disbursements From the Series 1995 C Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1995 C Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1995 C Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(A) That none of the items for which the 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 made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 1995 C Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 1995 C Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 1995 C Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Series 1995 C Bonds Construction Trust Fund, including any accounts therein, 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 Series 1995 C 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 1995 C 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 1995 C Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1995 C 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 any Series 1995 C Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1995 C Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1995 C Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on said Net Revenues in favor of the Holders of the Series 1995 A Bonds and Series 1995 B Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the 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 initial schedule of rates and charges for the services and facilities of the System shall be as set forth approved and described in the Final Order of the Public Service Commission of West Virginia, entered November 1, 1995, in Case No. 90-558-PSD-CN (Reopened) and such rates are hereby adopted.

Section 7.05. Sale of the System. Except as otherwise required by law or with the written consent of the Authority and the DEP, 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 Bonds Outstanding, or to effectively defease this Bond Legislation 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 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, pro rata, with respect to the principal amount of each of the Bonds then Outstanding, and, with the written permission of the Authority, 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 at maturity of and interest on the Bonds in such manner. Any balance remaining after the payment of all Bonds and interest 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, 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 upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds 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 over 50% in amount 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 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 1995 C Bonds. All obligations issued by the Issuer after the issuance of the Series 1995 C 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 1995 C 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 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the 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 DEP 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 System, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1995 C Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding the Series 1995 C Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate

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

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution or the Series 1995 A and Series 1995 B Bonds Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

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

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

Within 30 days of the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of such extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1995 C Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1995 C Bonds.

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

Notwithstanding the foregoing, or any provision of Section 7.06 hereof to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority and the DEP submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority and the DEP to the issuance of the Parity Bonds.

Section 7.08. Books; Records and Facilities. 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 DEP, 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 DEP 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 DEP, or their agents and representatives, to inspect all records pertaining to the operation 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 Governing Body as the Issuer shall direct.

The Issuer shall file with the Consulting Engineers, the Authority and the DEP, or any other original purchaser of the Series 1995 C Bonds, and shall mail in each year to any Holder or Holders of the Series 1995 C 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 shall mail, upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1995 C Bonds, and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1995 C Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of 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.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Loan Agreement or as promulgated from time to time.

The Issuer shall permit the Authority or the DEP, 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 DEP, 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 DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said 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 1995 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1995 C Bonds, including the Series 1995 A Bonds and Series 1995 B Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1995 C Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1995 C Bonds, including the Series 1995 A Bonds and Series 1995 B 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 1995 C Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1995 C Bonds, including the Series 1995 A Bonds and Series 1995 B Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the Public Service Commission Order described in Section 7.04.

Section 7.10. Operating Budget; Audit 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 DEP 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 the Consulting Engineers, 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 the Consulting Engineers 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 DEP 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 DEP and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and the DEP and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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 as Exhibit B, and forward a copy of such report to the Authority and the DEP 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 DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP 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 resident engineering services satisfactory to the Authority and the DEP 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 resident engineer shall certify to the Authority, the DEP 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 require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

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 30 days after the same shall become due and payable, the property and the owner thereof, as well as 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, and any services and facilities of the water system, it so owned by the Issuer, 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 of either system 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. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by

the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1995 C 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 said 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 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 DEP. 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use

of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion 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 will obtain 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 necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP 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 DEP 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 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1995 C Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1995 C Bonds during the term thereof is, under the terms of the Series 1995 C Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1995 C Bonds are used for a Private Business Use,

and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1995 C Bonds during the term thereof is, under the terms of the Series 1995 C Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1995 C Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1995 C Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related. All of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1995 C Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1995 C Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1995 C Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1995 C Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1995 C 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 1995 C Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1995 A Bonds.

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 (17CFR Part 240).

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys 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 moneys 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 moneys 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 except as otherwise provided with respect to the Rebate Fund. 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, the Depository Bank, or such other bank or national banking association, as the case may be, 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 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 if 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 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 1995 C Bonds, if any, from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1995 C Bonds which would cause the Series 1995 C Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1995 C Bonds) so that the interest on the Series 1995 C Bonds will be and remain excluded from gross income for

Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1995 C Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1995 C Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other

amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1995 C Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1995 C Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

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 1995 C Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1995 C Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on it's parts relating to the Series 1995 C Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1995 C 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, the 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 Series 1995 A Bonds, the Series 1995 B Bonds or the Series 1995 A and Series 1995 B Bonds 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 Owner; provided that, all rights and remedies of the Holders of the Series 1995 C Bonds shall be on a parity with the Holders of the Series 1995 A Bonds and the Series 1995 B 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

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1995 C Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 Owners of the Series 1995 C Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1995 C Bonds from gross income for federal income tax purposes.

Series 1995 C Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1995 C Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1995 C Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1995 C Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1995 C Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1995 C Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1995 C Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1995 C Bonds shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Series 1995 C 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 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 1995 C 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 1995 C 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 Series 1995 A Bonds Resolution, the Supplemental Resolutions thereto, or the Series 1995 C 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 Series 1995 A and Series 1995 B Bonds Resolution, the more restrictive provision shall control.

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, the 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.

Section 11.08. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Hancock County Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

(a) The maximum amount of the Series 1995 C Bonds to be issued;

(b) The maximum interest rate and terms of the Series 1995 C Bonds authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Adopted this 6th day of December, 1995.

Chairman

Member

Member

CERTIFICATION

Certified a true copy of an Resolution duly adopted by the Public Service Board of HANCOCK COUNTY PUBLIC SERVICE DISTRICT on the 6th day of December, 1995.

Dated: December 7, 1995.

[SEAL]

Secretary

12/04/95
HANJM.Z4
373520/90001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 6.]

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 6.]

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1995 C (West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM), OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A 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 Hancock County Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective December 6, 1995 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS, TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $883,974 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM); 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 Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 1995 C Bonds"), in the aggregate principal amount not to exceed $883,974, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 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 provision, 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 and that the Loan Agreement be approved and entered into 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 and the sale price 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 HANCOCK COUNTY 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 Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of $883,974. The Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2017, and shall bear no interest. The Bonds shall be payable in quarterly installments of principal on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, and ending March 1, 2017, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, 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 Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Bonds set forth in "Schedule Y" attached to the Loan Agreement.

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 ratify, approve 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 DEP 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 One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds 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 direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint United National Bank, Weirton, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1995 C Bonds proceeds in the amount of $27,687 shall be deposited in the Series 1995 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1995 C Bonds proceeds in the amount of $103,283 shall be deposited in the Series 1995 B Bonds Sinking Fund, as capitalized interest.

Section 9. Series 1995 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 1995 C Bonds Sinking Fund, as capitalized interest.

Section 10. Series 1995 C Bonds proceeds in the amount of $21,458 shall be deposited in the Series 1995 A Bonds Reserve Account.

Section 11. Series 1995 C Bonds proceeds in the amount of $79,098 shall be deposited in the Series 1995 B Bonds Reserve Account.

Section 12. Series 1995 C Bonds proceeds in the amount of $44,200 shall be deposited in the Series 1995 C Bonds Reserve Account.

Section 13. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 1995 C Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

Section 14. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the 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 7, 1995, to the Authority pursuant to the Loan Agreement.

Section 15. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 16. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys 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 moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 1995 C Bonds Sinking Fund, including the Series 1995 C Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 17. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

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

Adopted this 6th day of December, 1995.

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Hancock County Public Service District on the 6th day of December, 1995.

Dated: December 7, 1995.

[SEAL]

Secretary

12/04/95
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373520/90001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1999
(WEST VIRGINIA SRF PROGRAM)

BOND RESOLUTION

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HANCOCK COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $4,996,347 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM); 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 HANCOCK COUNTY 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 22C, Article 2 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. Hancock County Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Hancock County of said State.

B. The Issuer presently owns and operates a public sewerage 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 improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of a 300,000 gallons per day sequencing batch reactor plant, approximately 3,902 linear feet of two-inch diameter force main, 2,970 linear feet of three-inch diameter force main, 15,540 linear feet of four-inch diameter force main, 14,500 liner feet of eight-inch diameter gravity sewer, two lift stations, and six grinder pumps, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (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 intends 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"), in connection with the West Virginia Water Pollution Control Revolving Fund which the Authority administers pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program), in the aggregate principal amount of not more than $4,996,347 (the "Series 1999 Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. 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 1999 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, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1999 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 1999 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 25 years.

F. It is in the best interests of the Issuer that its Series 1999 Bonds be sold to the Authority pursuant to the terms and provisions of the loan agreement by and among the Issuer, the Authority, and the West Virginia Department of Environmental Protection, a division of the West Virginia Bureau of the Environment (the "DEP"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1999 Bonds as to liens, pledge and source of and security for payment, being (i) the Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), dated December 7, 1995, issued in the original aggregate principal amount of $289,532 (the "Series 1995 A Bonds"), (ii) the Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), dated January 9, 1996, issued in the original aggregate principal amount of $1,080,088 (the "Series 1995 B Bonds"), and (iii) the Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), dated December 7, 1995, issued in the original aggregate principal amount of $883,974 (the "Series 1995 C Bonds") (collectively, the "Prior Bonds").

The Series 1999 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 other respects. Prior to the issuance of the Series 1999 Bonds, the Issuer will obtain a certificate of an Independent Certified Public Accountant stating that the parity test of the Prior Bonds is met and the written consent of the Holders of the Prior Bonds to the issuance of the Series 1999 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

There is an outstanding obligation of the Issuer which does not have a lien on any revenues of the System, nor is it payable from Net Revenues, being the Issuer's Promissory Note to WesBanco Bank Wheeling dated August 4, 1999, issued in the original principal amount of $80,000.

H. 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, to pay the principal of and interest on the Series 1999 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. 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 1999 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, 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 1999 Bonds or such final order will not be subject to appeal or rehearing.

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 1999 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 1999 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 22C, Article 2 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 1999 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

"Bonds" means, collectively, the Series 1999 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 1999 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1999 Bonds from the Authority.

"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 L. Robert Kimball & Associates, Inc. of Moon Township, Pennsylvania, 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 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"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 all moneys received by the Issuer on account of any Grant for the Project.

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

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

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

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

County, 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 among the Issuer, the Authority, and the DEP providing for the purchase of the Series 1999 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 1999 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts.

"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, the SRF Administrative Fee, 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 Expresses" 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 or the Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which moneys, 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; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior 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 1999 Bonds in the Supplemental Resolution.

"Prior Bonds" means collectively, the Series 1995 A Bonds, Series 1995 B Bonds, and the Series 1995 C Bonds described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the resolution of the Issuer duly adopted December 6, 1995, as supplemented by the supplemental resolution of the Issuer duly adopted December 6, 1995, authorizing issuance of the Series 1995 A Bonds, the resolution of the Issuer duly adopted December 6, 1995, as supplemented by the supplemental resolutions of the Issuer duly adopted December 6, 1995 and January 3, 1996, authorizing issuance of the Series 1995 B Bonds, and the resolution of the Issuer duly adopted December 6, 1995, as supplemented by the supplemental resolution of the Issuer duly adopted December 6, 1995, authorizing issuance of the Series 1995 C 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 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.

"Registrar" means the Bond Registrar.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 1999 Bonds and the Prior Bonds.

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

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

"Series 1999 Bonds" means the Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program) of the Issuer, authorized by this Resolution.

"Series 1999 Bonds Construction Trust Fund" means the Series 1999 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1999 Bonds Reserve Account" means the Series 1999 Bonds Reserve Account established in the Series 1999 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1999 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1999 Bonds in the then current or any succeeding year.

"Series 1999 Bonds Sinking Fund" means the Series 1999 Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1995 A Bonds" means the Sewer Revenue Bonds, Series 1995 A (West Virginia Water Development Authority), of the Issuer, dated December 7, 1995, issued in the original aggregate principal amount of $289,532.

"Series 1995 B Bonds" means the Sewer Revenue Bonds, Series 1995 B (West Virginia Water Development Authority), of the Issuer, dated January 9, 1996, issued in the original aggregate principal amount of $1,080,088.

"Series 1995 C Bonds" means the Sewer Revenue Bonds, Series 1995 C (West Virginia SRF Program), of the Issuer, dated December 7, 1995, issued in the original aggregate principal amount of $883,974.

"Sewer Facilities User Agreement" means the Sewer Facilities User Agreement between the Issuer and Mountaineer Park, Inc., dated July 9, 1999, under which the Issuer provides and Mountaineer Park, Inc. receives sewage collection, treatment and disposal services at Mountaineer Park, Inc.'s facilities at Mountaineer Race Track and Resort.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 1999 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 1999 Bonds.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds

of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"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 1999 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1999 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 or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Accounts.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

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 neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $5,005,347, 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 1999 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 DEP.

The cost of the Project is estimated to be $5,005,347, of which $4,996,347 will be obtained from proceeds of the Series 1999 Bonds and $9,000 will be obtained initially from general funds of the Issuer, to be subsequently reimbursed from the Tap Fees from the Project.

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 1999 Bonds, funding a reserve account for the Series 1999 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1999 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 the Series 1999 Bonds of the Issuer. The Series 1999 Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program)," in the principal amount of not more than $4,996,347, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1999 Bonds remaining after funding of the Series 1999 Bonds Reserve Account (if funded from bond proceeds) and capitalizing interest on the Series 1999 Bonds, if any, shall be deposited in or credited to the Series 1999 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 1999 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 1999 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 1999 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 1999 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 1999 Bonds. The Series 1999 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 1999 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 1999 Bonds shall cease to be such officer of the Issuer before the Series 1999 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 1999 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 1999 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1999 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 1999 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 1999 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 1999 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 1999 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 1999 Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1999 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 1999 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 1999 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1999 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 1999 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 Holder of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1999 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 1999 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1999 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 1999 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 1999 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement;

E. An executed copy of the Sewer Facilities User Agreement; and

F. The unqualified approving opinion of bond counsel on the Series 1999 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1999 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
HANCOCK COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 1999
(WEST VIRGINIA SRF PROGRAM)

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That HANCOCK COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on EXHIBIT B attached hereto.

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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 1999.

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 sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance for the Bonds and related costs. The existing public sewerage 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 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 1999, and a Supplemental Resolution duly adopted by the Issuer on _____, 1999 (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 THE ISSUER'S (i) SEWER REVENUE BONDS, SERIES 1995 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED DECEMBER 7, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $289,532, (ii) THE SEWER REVENUE BONDS, SERIES 1995 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JANUARY 9, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,080,088, AND (iii) THE SEWER REVENUE BONDS, SERIES 1995 C (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 7, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $883,974 (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, unexpended proceeds of the Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 Bonds Reserve Account"). 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 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 1999 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 1999 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 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 moneys, until so applied, in favor of the registered owner of this Bond.

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, HANCOCK COUNTY 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 _____, 1999.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 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: _____, 1999.

ONE VALLEY BANK, NATIONAL ASSOCIATION, 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

SCHEDULE OF ANNUAL DEBT SERVICE

(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 1999 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.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the DEP a schedule in substantially the form attached to the Loan Agreement, 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 Resolutions) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Resolutions and continued hereby);

(2) Renewal and Replacement Fund (established by the Prior Resolutions and continued hereby);

(3) Series 1999 Bonds Construction Trust Fund; and

(4) Rebate Fund (established by the Prior Resolution and continued hereby).

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 1995 A Bonds Sinking Fund (established by the Prior Resolutions);

(2) Within the Series 1995 A Bonds Sinking Fund, the Series 1995 A Bonds Reserve Account (established by the Prior Resolutions);

(3) Series 1995 B Bonds Sinking Fund (established by the Prior Resolutions);

(4) Within the Series 1995 B Bonds Sinking Fund, the Series 1995 B Bonds Reserve Account (established by the Prior Resolutions);

(5) Series 1995 C Bonds Sinking Fund (established by the Prior Resolutions);

(6) Within the Series 1995 C Bonds Sinking Fund, the Series 1995 C Bonds Reserve Account (established by the Prior Resolutions);

(7) Series 1999 Bonds Sinking Fund; and

(8) Within the Series 1999 Bonds Sinking Fund, the Series 1999 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 in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund, the amounts required by the Prior Resolutions to pay interest, if any, on the Prior Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1995 A Bonds Sinking Fund, the Series 1995 B Bonds Sinking Fund and the Series 1995 C Bonds Sinking Fund, the amounts required by the Prior Resolutions to pay the principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1999 Bonds, for deposit in the Series 1999 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1999 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 1999 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 simultaneously remit to the Commission (i) for deposit in the Series 1995 A Bonds Reserve Account, the Series 1995 B Bonds Reserve Account and the Series 1995 C Bonds Reserve Account, the amounts, if any, required by the Prior Resolutions; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1999 Bonds, if not fully funded upon issuance of the Series 1999 Bonds, for deposit in the Series 1999 Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 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 1999 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 a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), 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 moneys from the Renewal and Replacement Fund.

Moneys in the Series 1999 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1999 Bonds, as the same shall become due. Moneys in the Series 1999 Bonds Reserve Account shall be used only for the purpose of paying principal and interest, if any, on the Series 1999 Bonds, as the same

shall become due, when other moneys in the Series 1999 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1999 Bonds Sinking Fund and the Series 1999 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 1999 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 1999 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1999 Bonds Reserve Account which result in a reduction in the balance therein to below the Series 1999 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 1999 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 appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1999 Bonds Sinking Fund and Series 1999 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1999 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 Prior Bonds and the Series 1999 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 1999 Bonds Sinking Fund and the Series 1999 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.

Moneys in the Series 1999 Bonds Sinking Fund and the Series 1999 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1999 Bonds Sinking Fund and the Series 1999 Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1999 Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1999 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. The Issuer shall also on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 1999 Bonds.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1999 Bonds, 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 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 moneys in excess of the sum insured by 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. 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 Bond 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; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1999 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 Bonds, there shall first be deposited with the Commission in the Series 1999 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 1999 Bonds for the period commencing on the date of issuance of the Series 1999 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1999 Bonds, there shall be deposited with the Commission in the Series 1999 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1999 Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1999 Bonds, such moneys shall be deposited with the Depository Bank in the Series 1999 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 1999 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 1999 Bonds shall be applied as directed by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund. A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 1999 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1999 Bonds Construction Trust Fund (except for the costs of issuance of the Series 1999 Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from the Authority and the DEP, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 1999 Bonds, and

(2) 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, moneys in the Series 1999 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 Series 1999 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 1999 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 1999 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1999 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 1999 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1999 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 1999 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 Holder of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 1999 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 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 as a Recommended Decision on July 13, 1999, made Final on July 25, 1999, by a Commission Order Waiving Exception Period entered on July 20, 1999, in Case No. 99-0001-PWD-19A, and such rates are hereby adopted.

In the event the schedule of rates and charges initially established for the System in connection with the Series 1999 Bonds shall prove to be insufficient to produce the amounts required by 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 and charges so as to provide funds sufficient to produce the amounts required by 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 the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 1999 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, 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 1999 Bonds, immediately be remitted to the Commission for deposit in the Series 1999 Bonds Sinking Fund, and, with the written permission of the Authority and the DEP, 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 1999 Bonds. Any balance remaining after the payment of the Series 1999 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 upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of the Bonds of the last maturities then outstanding at prices not greater than the par value thereof. The payment of such proceeds into the Renewal and Replacement Fund and the Sinking Funds shall not reduce the amounts required to be paid into such funds 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 1999 Bonds. All obligations issued by the Issuer after the issuance of the Series 1999 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 1999 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 1999 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 1999 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 DEP 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 Resolutions shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1999 Bonds, except with the prior written consent of the Authority and the DEP (unless less restrictive then the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1999 Bonds.

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

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

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of 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 hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and

security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1999 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 1999 Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, 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 DEP 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 DEP, or their agents and representatives, to inspect all records pertaining to the operation 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 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 DEP, the Authority, or any other original purchaser of the Series 1999 Bonds, and shall mail in each year to any Holder or Holders of the Series 1999 Bonds and the Consulting Engineer, 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 said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1999 Bonds, and shall submit said report to the DEP and the Authority, or any other original purchaser of the Series 1999 Bonds. Such audit report submitted to the Authority and the DEP 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 DEP, 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 DEP, 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 DEP with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Loan Agreement for the Series 1999 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 1999 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 1999 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 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 1999 Bonds Reserve Account, the Prior Bonds reserve accounts as established by the Prior Resolutions, and the reserve accounts for obligations on a parity with the Series 1999 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 1999 Bonds and all other obligations secured by a lien on or payable from such revenues as a parity with the Series 1999 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 DEP 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 DEP 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 DEP 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 DEP 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 DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP 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 resident engineering services satisfactory to the Authority and the DEP 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 resident engineer shall certify to the Authority, the DEP 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 require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the

Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 1999 Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department,

agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1999 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 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 DEP. 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after

a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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 1999 Bonds are outstanding.

The Issuer shall obtain 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 necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1999 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 1999 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Prior Bonds.

Section 7.19. Compliance with Loan Agreement and Law. The Issuer shall comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

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

Section 7.20. 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 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 1999 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 DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 1999 Bonds held in "contingency" as set forth in the schedule attached to the Loan Agreement. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 1999 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP and 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

Section 8.01. Investments. Any moneys 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 moneys 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 moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 1999 Bonds are Outstanding.

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 1999 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 1999 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 1999 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1999 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; 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 Series 1999 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 1999 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 1999 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 1999 Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1999 Bonds shall be on a parity with the Holder of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 1999 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 Series 1999 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 Series 1999 Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 1999 Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 1999 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 1999 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 moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1999 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1999 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1999 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 1999 Bonds shall be made without the consent in writing of the Registered Owners of the Series 1999 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 the Series 1999 Bonds, required for consent to the above-permitted amendments or modifications.

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 1999 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 1999 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. Notices. All notices to be sent to the Issuer, the Authority or the DEP shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Hancock County Public Service District
Post Office Box 485
New Cumberland, West Virginia 26047
Attention: Chairman

AUTHORITY:

Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Executive Director

DEP:

Division of Environmental Protection
617 Broad Street
Charleston, WV 25301

All notices to be sent to the DEP hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed; Prior Resolutions. 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 11.07. 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 11.08. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Hancock County Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 1999 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 1999 Bonds authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 18th day of November, 1999.

Chairman

CERTIFICATION

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

WITNESS my signature on this 2nd day of December, 1999.

Secretary

11/17/99
373520/98001

HANCOCK COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1999
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM), OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING 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 Hancock County Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective November 18, 1999 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF HANCOCK COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $4,996,347 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM); 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 meanings set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program), of the Issuer, in the original aggregate principal amount not to exceed $4,996,347 (the "Bonds" or the "Series 1999 Bonds"), and has authorized the execution and delivery of the loan agreement relating to the Bonds (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, 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 entered into 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 and the sale price 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 HANCOCK COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $4,996,347. The Series 1999 Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2021, and shall bear no interest. The principal of the Series 1999 Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, and ending March 1, 2021, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1999 Bonds. The Series 1999 Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1999 Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 1999 Bonds set forth in "Schedule Y" attached to the Loan Agreement.

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

Section 3. The Issuer does hereby authorize, ratify, approve 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 will be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, a national banking association, to serve as Registrar (the "Registrar") for the Bonds under the 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 Resolution.

Section 6. The Issuer does hereby appoint and designate United National Bank, Weirton, West Virginia, a national banking association, to serve as Depository Bank under the Resolution.

Section 7. Series 1999 Bonds proceeds in the amount of $-0- shall be deposited in the Series 1999 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1999 Bonds proceeds in the amount of $249,820 shall be deposited in the Series 1999 Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 1999 Bonds shall be deposited in the Series 1999 Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Series 1999 Bonds and related costs.

Section 10. 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 hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about December 2, 1999.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the 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 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Series 1999 Bonds Sinking Fund shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer does hereby authorize, approve, ratify and accept the Sewer Facilities User Agreement by and between the Issuer and Mountaineer Park, Inc.

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

Adopted this 18th day of November, 1999.

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of HANCOCK COUNTY PUBLIC SERVICE DISTRICT on the 18th day of November, 1999.

Dated: December 2, 1999.

[SEAL]

Secretary

11/12/99
373520/98001

CLOSING MEMORANDUM

To: **Financing Team**

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

Date: **August 1, 2002**

RE: **HANCOCK COUNTY PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2002 (WEST VIRGINIA INFRASTRUCTURE FUND)**

1. DISBURSEMENTS TO HANCOCK COUNTY PUBLIC SERVICE DISTRICT

A.

Payor:	West Virginia Infrastructure and Jobs Development Council
Amount:	$10,500.00
Form:	Wire Transfer
Payee:	Hancock County Public Service District
Bank:	United National Bank, Weirton, West Virginia
Routing #:	051900395
Account #:	043218022
Contact:	Sandy Haraczy (304) 723-2000
Account:	Hancock County Public Service District Series 2002 Bonds Construction Trust Fund

07/17/02
373520.00001

State of West Virginia

WATER DEVELOPMENT AUTHORITY

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

BOND CLOSING ATTENDANCE LIST

Date August 1, 2002 Time 10:00 a.m. LGA Hancock County PSD Program IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Barbara B Meadows	Water Development Authority	558-3612	558-0299	bmeadows@wvwda.org
BRIAN HELMICK	Jackson & Kelly PLLC	340-1295	340-1080	bhelmick@jacksonkelly.com
BERNIE YONKOSKY	WV WDA	558-3612	558-0299	dyonkosky@wvwda.org
Doug Olds	WV WDA	558-3612	558-0299	dolds@wvwda.org
Karin Mattox, LA	Steptoe & Johnson PLLC	556-8257	353-8181	Mattoxkm@steptoe-johnson.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 Dan Wilson Telephone 797-7487 E-Mail

Address Hancock Cty. PSD, RD1, Box 166R, Weirton, WV 26062

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.

STATE OF WEST VIRGINIA

NATIONAL UNION FIRE INSURANCE CO.
OF PITTSBURGH, PA. 70 PINE STREET
NEW YORK, NY 10270

ADDITIONAL INSURED:

HANCOCK COUNTY PUBLIC SERVICE DISTRICT
RR 1 BOX 166 R
WEIRTON, WV 26062

CERTIFICATE NO: L 2748 - Oct 16, 1997

This certifies that the insured named above is an Additional Insured for the coverage indicated below under General Liability Policy GL 6125397 and Automobile Policy CA 5349301 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

This certificate presents a summary of coverage. The policies may be inspected at the office of the Board of Risk and Insurance Management, 90 MacCorkle Avenue SW, Suite 203 South Charleston, WV 25303 during its regular business hours. Reproduction of the policies shall be at cost.

COVERAGE PERIOD

From: Jul 1, 2002 To: Jul 1, 2003 12:01 Eastern Standard Time.

COVERAGE AFFORDED

The Additional Insured is Insured for the following Coverages:

Comprehensive General Liability Insurance
Personal Injury Liability Insurance
Professional Liability Insurance
Stop Gap Liability Insurance
Wrongful Act Liability Insurance
Comprehensive Auto Liability Insurance
Auto Physical Damage Insurance, including comprehensive and collision, and
Garagekeepers Insurance

LIMITS OF LIABILITY

EACH OCCURRENCE.

$1,000,000 each occurrence for all coverage combined. This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS.

The auto physical damage limit is the actual cash value of each vehicle, including mobile equipment, subject to a $1,000 deductible.

DEFENSE COSTS.

Defense costs are in addition to the each occurrence limit of liability.

NOTICE OF CLAIM

All notice of claim should be sent to:

Claim Manager
West Virginia Board of Risk and Insurance Management
90 MacCorkle Avenue S.W.
Suite 203
South Charleston, West Virginia 25303
(304) 766-2646, (800) 345-4669 FAX: (304) 766-2653

OTHER PROVISIONS

SUBJECT TO POLICY TERMS.

The insurance evidenced by this Certificate is subject to all of the terms, conditions, exclusions and definitions in the policies.

OTHER INSUREDS.

The members of the governing body of the Additional Insured named above, its elected or appointed officials, executive officers, directors, commissioners, board members, volunteer workers, student teachers, and employees are also insureds under the policies while acting within the scope of their duties as such.

STATUTORY IMMUNITIES.

It is a condition precedent of coverage under the policies that the Additional Insured does not waive any statutory or common law immunity conferred upon it.

EXCESS COVERAGE.

If the Additional Insured has other primary insurance for the hazards covered by the above policies, the coverage afforded by this certificate does not apply to losses occurring before the expiration or termination date of the other insurance except to the extent that the amount of loss exceeds the limit of liability of the other insurance, but then only for an amount not exceeding the difference between $1,000,000 and the limit of liability of the other insurance.

PRIOR CLAIMS MADE COVERAGE.

As the insurance under this Certificate renews certain liability coverages previously insured on a claims made policy form, the insurance under this Certificate shall apply to a claim or loss reported during the Certificate Coverage Period that occurred prior to the effective date of the Certificate if the claim or loss would have been covered by the prior claims made policy provided that the claim or loss is also within the scope of coverage afforded by the policy issued to the State of West Virginia and not excluded therein. However, in no event shall coverage apply to a claim or loss occurring prior to the RETRO DATE, if any, stated below.

RETRO DATE: October 16, 1997

BY: _____ DATED: June 28, 2002
AUTHORIZED REPRESENTATIVE

MEMORANDUM OF PROPERTY INSURANCE
PROVIDED BY
STATE BOARD OF RISK AND INSURANCE MANAGEMENT

NAME OF INSURED: HANCOCK COUNTY PUBLIC SERVICE DISTRICT

RR 1 BOX 166 R
WEIRTON, WV 26062

MEMORANDUM NO: P 2748 - Oct 16, 1997

COVERAGE PERIOD: From Jul 1, 2002 To Jul 1, 2003 12:01 E.S.T.

DEDUCTIBLE: $1,000 Each Occurrence

This memorandum presents a summary of coverage only and is subject to the terms, conditions and exclusions of the entire policy. The policy may be inspected at the office of The Board of Risk and Insurance Management, 90 MacCorkle Ave SW, Suite 203 So Chas, WV 25303 during its regular business hours. Reproduction of the policy shall be at cost.

1. AMOUNT OF COVERAGE. Subject to the limitations that follow the maximum amount payable for a covered loss is $201,000,000 each occurrence.

   a. Fidelity Honest Bond. The maximum amount payable is $2,000,000.

   b. Money and Securities. The maximum amount payable is $1,500,000.

   c. Vehicles and mobile equipment. The maximum amount payable is $7,000,000 and applies in excess of the amount recoverable under the physical damage coverage included in the liability certificate.

   d. Boiler and Machinery. The maximum amount payable is $7,000,000.

2. PROPERTY COVERED.

   a. All real and personal property owned by the Insured, except as stated in item 3 below.

   b. Property of others in the Insured's custody, if the Insured is legally responsible for the loss.

   c. When resulting from damage to Insured-owned property:

      (1) The cost to recreate valuable papers and records.
      (2) The increase in operating expenses required to continue operations.

3. PROPERTY EXCLUDED:

   a. Aircraft.

   b. Roads, bridges, tunnels, dams, guard rails, outdoor signs and similar property.

   c. Buildings in the course of construction.

   d. Plants and animals.

4. PERILS COVERED:

   Coverage applies to losses from any cause, except as stated in item 5 below.

5. PERILS NOT COVERED:

   a. Nuclear contamination.

   b. Wear and tear, rust, dryrot and similar degenerative causes.

   c. Pollution and contamination

   d. Earth movement and flood.

   e. Failure of data processing or other equipment or machinery to recognize a specific date.

6. AMOUNT PAYABLE FOR COVERED LOSSES:

   a. Artwork. The amount for which the item is carried on the Insured's books.

   b. Vehicles and mobile equipment. The actual cash value of the vehicle.

   c. Valuable Papers. The cost to duplicate the papers, including the cost of research time necessary to gather required information.

   d. Extra Expense. The increase in operating expense necessarily incurred to continue normal operations.

   e. Income. The loss of income that would have been received had no loss occurred, less expenses that will not continue.

   f. Other Property. The replacement cost of the damaged or destroyed property.

7. DEFINITIONS:

a. Occurrence. The term "occurrence" means the total loss by any peril or combination of perils insured against arising out of a single event.

b. Replacement Cost. The term "replacement cost" means the cost to replace or reinstate the property, or any part or parts thereof, on the same site in a condition equal to, but not superior to or more extensive than, the condition when new.

8. CONDITIONS UNDER WHICH COVERAGE IS PROVIDED:

a. The building and its contents must have been reported to the Board.

b. The loss must be promptly reported to the Board on "Insurance Loss Notice" form provided by the claim department, and mailed to the location shown in item 9 below.

9. QUESTIONS AND LOSS REPORTING:

If there are any questions or to report a loss, contact:

Claim Manager
West Virginia Board of Risk and Insurance Management
90 MacCorkle Avenue S.W.
Suite 203
South Charleston, West Virginia 25303

Phone: (304) 766-2646
(800) 345-4669
FAX: (304) 766-2653

DATE: June 28, 2002

BY: _____
AUTHORIZED REPRESENTATIVE