NEW CREEK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

Date of Closing: August 17, 1987

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1	Bond Resolution
2	Supplemental Resolution
3	1984 Bond Resolution
4	Loan Agreement
5	Supplemental Loan Agreement
6	Public Service Commission Orders
7	Cross-Receipt for Bonds and Bond Proceeds
8	Direction to Authenticate and Deliver Bonds
9	Specimen Series 1987 A Bond
10	Specimen Series 1987 B Bond

OPINIONS OF COUNSEL

11	Approving Opinion on Series 1987 A Bond of Steptoe & Johnson, Bond Counsel
12	Approving Opinion on Series 1987 B Bond of Steptoe & Johnson, Bond Counsel
13	No Arbitrage Opinion of Steptoe & Johnson, Bond Counsel
14	Opinion of Counsel to Issuer

CERTIFICATES

15	General Certificate of Issuer and Attorney
16	Certificate as to Arbitrage
17	Engineer's Certificate
18	Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

19	County Commission Order Creating District
20	County Commission Orders Appointing Current Board Members
21	Oaths of Office of Current Board Members
22	Rules of Procedure of Board
23	Minutes of 1987 Organizational Meeting of Board
24	Minutes on Adoption of Bond Resolution and Supplemental Resolution
25	Sewage Treatment Agreement with City of Keyser and Amendment
26	IRS Information Return (Form 8038-G)
27	FmHA Consent to Issuance of Parity Bonds
28	Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

29	WDA Grant Grant Commitment
30	Acceptance by Kanawha Valley Bank, National Association, of Duties of Registrar
31	Acceptance by The National Bank of Keyser of Duties of Depository Bank
32	Certificate of Registration of Bonds

MISCELLANEOUS DOCUMENTS (continued)

33	Registrar's Agreement
34	Assignment Separate From Bond

08/13/87
NCPSD1-A

NEW CREEK PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS,
SERIES 1987 A AND SERIES 1987 B

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	3
ARTICLE II - AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT		
Section 2.01	Authorization of Construction and Acquisition of the Project	15
ARTICLE III - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	16
Section 3.02	Terms of Bonds	16
Section 3.03	Execution of Bonds	17
Section 3.04	Authentication and Registration	17
Section 3.05	Negotiability, Transfer and Registration	17
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	18
Section 3.07	Bonds not to be Indebtedness of the Issuer	19
Section 3.08	Series 1987 A Bonds Secured by Pledge of Net Revenues on Parity with 1984 Bonds; Series 1987 B Bonds to be Junior and Subordinate to Series 1987 A Bonds and 1984 Bonds	19
Section 3.09	Form of Original Bonds	19
FORM OF SERIES 1987 A BOND		20
FORM OF SERIES 1987 B BOND		27

Subject		Page
Section 3.10	Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority	34
ARTICLE IV - [RESERVED]		35
ARTICLE V - SYSTEM REVENUES AND APPLICATION THEREOF		
Section 5.01	Establishment of Funds and Accounts with Depository Bank	36
Section 5.02	Establishment of Funds and Accounts with Commission	36
Section 5.03	System Revenues; Flow of Funds	36
ARTICLE VI - BOND PROCEEDS; FUNDS AND ACCOUNTS		
Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	43
Section 6.02	Disbursements from the Bond Construction Trust Fund	43
ARTICLE VII - ADDITIONAL COVENANTS OF THE ISSUER		
Section 7.01	General Covenants of the Issuer	45
Section 7.02	Bonds not to be Indebtedness of the Issuer	45
Section 7.03	Series 1987 A Bonds Secured by Parity Pledge of Net Revenues; Series 1987 B Bonds Secured by Subordinate Pledge of Net Revenues	45
Section 7.04	Initial Schedule of Rates and Charges	45
Section 7.05	Sale of the System	46
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	47
Section 7.07	Parity Bonds	47
Section 7.08	Books and Records	50
Section 7.09	Rates	51
Section 7.10	Operating Budget and Audit	51
Section 7.11	No Competing Franchise	52
Section 7.12	Enforcement of Collections	52
Section 7.13	No Free Services	53
Section 7.14	Insurance and Construction Bonds	53
Section 7.15	Mandatory Connections	54
Section 7.16	Completion of Project	55
Section 7.17	Tax Covenants	55
Section 7.18	Statutory Mortgage Lien	56

Subject		Page
ARTICLE VIII - INVESTMENT OF FUNDS; NON ARBITRAGE		
Section 8.01	Investments	57
Section 8.02	Arbitrage	57
Section 8.03	Rebate of Excess Investment Earnings to the United States	58
ARTICLE IX - DEFAULT AND REMEDIES		
Section 9.01	Events of Default	62
Section 9.02	Remedies	62
Section 9.03	Appointment of Receiver	62
ARTICLE X - DEFEASANCE		
Section 10.01	Defeasance of Series 1987 A Bonds	65
Section 10.02	Defeasance of Series 1987 B Bonds	66
ARTICLE XI - MISCELLANEOUS		
Section 11.01	Amendment or Modification of Bond Legislation	68
Section 11.02	Bond Legislation Constitutes Contract	68
Section 11.03	Severability of Invalid Provisions	68
Section 11.04	Headings, Etc.	68
Section 11.05	Conflicting Provisions Repealed	68
Section 11.06	Covenant of Due Procedure, Etc.	69
Section 11.07	Effective Date	69
SIGNATURES		69
CERTIFICATION		70
EXHIBIT A		71

08/12/87
NCPSD2

NEW CREEK PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF NEW CREEK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $250,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 A, AND NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL 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 NEW CREEK 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. New Creek Public Service District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Mineral County of said State.

B. The Issuer presently owns and operates a public sewage collection and transportation system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements for such existing sewerage facilities of the Issuer (the "Project") which constitute properties for the collection of liquid or solid wastes, sewage or industrial wastes (the Issuer's existing sewerage system, together with the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $686,000, 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 the costs of the operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $350,000 in two series, being the Series 1987 A Bonds in the aggregate principal amount of not more than $250,000, and the Series 1987 B Bonds in the aggregate principal amount of not more than $100,000 (collectively, the "Bonds"), to finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering, and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees 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 construction or acquisition 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 Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") both dated August 7, 1987, entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

G. There are outstanding obligations of the Issuer which will rank on parity with the Series 1987 A Bonds and senior and prior to the Series 1987 B Bonds as to lien and source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1984, dated June 27, 1984, and issued in the original aggregate principal amount of $550,000 (the "1984 Bonds"). The Series 1987 B Bonds shall be junior and subordinate to both the 1984 Bonds and the Series 1987 A Bonds as set forth herein.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the 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 have expired and the issuance of the Bonds was approved by the Public Service Commission of West Virginia by order entered August 5, 1987.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the 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 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 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 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 of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"Bondholder," "Holder of the Bonds," "Holder" 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 the Original Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"1984 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1984, dated June 27, 1984, issued in the original aggregate principal amount of $550,000.

"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 of the Bonds by the Authority.

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

"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 William A. Pallavicini, Petersburg, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

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

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Bond, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

"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 may 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.

"Grant Agreement" means a written commitment for the payment of the WDA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which Grant is to be paid to the Issuer.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Bonds.

"Grants" means, collectively, the WDA Grant and the Other Grants, as hereinafter defined.

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior bonds and which are deemed to become proceeds of the Bonds ratably as original proceeds of the Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Reserve Accounts and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

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

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

"Issuer" means New Creek Public Service District, in Mineral County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, both dated August 7, 1987, heretofore entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer ratified by, this Resolution or a resolution adopted by the Issuer prior to the adoption of this 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 deposited in the Reserve Accounts.

"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 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, 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, Registrar, Paying Agent and the Trustee (all as herein defined), other than

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $250,000 in aggregate principal amount of Series 1987 A Bonds and the not more than $100,000 in aggregate principal amount of Series 1987 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Other Grants" means any grant other than the WDA Grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to the 1984 Bonds or the Bonds and as of any particular date, describes all 1984 Bonds or Bonds theretofore and thereupon being delivered except (i) any Bond cancelled by the Bond Registrar or the registrar for the 1984 Bonds, at or prior to said date; (ii) any 1984 Bond or Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust hereunder or under the 1984 Resolution and set aside for such payment (whether upon or prior to maturity); (iii) any 1984 Bond or Bond deemed to have been paid as provided in the 1984 Resolution or Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of holders of the 1984 Bonds or Bondholders, any 1984 Bonds or Bonds registered to or held by 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 bank or banks or other entity designated as such for the Bonds in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"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 water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain improvements for the existing sewage collection and transportation facilities of the Issuer, and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Bonds are privately placed, the price paid by the first buyer of the Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Bonds.

"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 exempt from federal income taxation, 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 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.

"1984 Resolution" means the resolution of the Issuer adopted June 27, 1983, pursuant to which the 1984 Bonds were issued.

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

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

"Series 1987 A Bonds" or "Series A Bonds" means the not more than $250,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A, of the Issuer.

"Series 1987 A Bonds Reserve Account" means the Series 1987 A Bonds Reserve Account established in the Series 1987 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 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 1987 A Bonds in any year.

"Series 1987 A Bonds Sinking Fund" means the Series 1987 A Sinking Fund established by Section 5.02 hereof.

"Series 1987 B Bonds" or "Series B Bonds" means the not more than $100,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 B, of the Issuer.

"Series 1987 B Bonds Reserve Account" means the Series 1987 B Bonds Reserve Account established in the Series 1987 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1987 B Bonds in any year.

"Series 1987 B Bonds Sinking Fund" means the Series 1987 B Bonds Sinking Fund established by Section 5.02 hereof.

"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 resolutions authorizing the sale of the Original Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Original 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 1984 Bonds, the Bonds or any other obligations of the Issuer, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project, including the Renewal and Replacement Fund and the Reserve Accounts, and all other reserve account, depreciation account or any similar funds or accounts relating to the 1984 Bonds.

"System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Issuer, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

"WDA Grant" means the grant from the Authority in accordance with the commitment therefor.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other

payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Bonds produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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 CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $686,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the the Bonds hereby authorized shall be applied as provided in Article VI hereof.

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 1987 A Bonds, funding a reserve account for each series of Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $350,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1987 A," in the aggregate principal amount of not more than $250,000, and "Sewer Revenue Bonds, Series 1987 B," in the aggregate principal amount of not more than $100,000, and shall have such terms as 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 capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 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 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 Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered 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, in the denomination of $5,000 or any integral multiple thereof, all 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 such date.

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 any of 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 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, 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 any of said 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 in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, 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 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. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Series 1987 A Bonds Secured by Pledge of Net Revenues on Parity with 1984 Bonds; Series 1987 B Bonds to be Junior and Subordinate to Series 1987 A Bonds and 1984 Bonds. The payment of the debt service of all the Series 1987 A Bonds shall be secured forthwith equally and ratably with each other, by a lien on the Net Revenues derived from the System, on parity with the lien thereon in favor of the holders of the 1984 Bonds. The payment of the debt service of all the Series 1987 B Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of both the 1984 Bonds and the Series 1987 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and all payments required to be made on account of the 1984 Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Bonds shall be in substantially the following forms, 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 1987 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW CREEK PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1987 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That NEW CREEK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mineral 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 rate 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 _____ 1, 19____. 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 Kanawha 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 _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation 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 approximately _____ months thereafter; (iii) [to fund a reserve account for the Bonds]; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on _____, 1987 (collectively called 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 contemporaneously with the Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, of the Issuer (the "Series 1987 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1987 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS ON PARITY WITH RESPECT TO LIEN AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S OUTSTANDING SEWER REVENUE BONDS, SERIES 1984, DATED JUNE 27, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000.

This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System (as such terms are defined in the Bond Legislation), moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1987 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 1987 A Bonds Reserve Account and unexpended Bond proceeds. 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 amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1987 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1987 B Bonds, provided however, that so long as there exists in the Series 1987 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 any year, and in the respective reserve accounts established for the Series 1987 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to 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, shall be applied solely to the payment of the Costs of the Project 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 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 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, NEW CREEK PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 1987.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By _____
Its 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 1987 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW CREEK PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1987 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That NEW CREEK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mineral 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 annual 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, without 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds]; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on _____, 1987 (collectively called 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 JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1984, OF THE ISSUER, DATED JUNE 27, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000, AND THE SEWER REVENUE BONDS, SERIES 1987 A, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ OF THE ISSUER, ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System (as such terms are defined in the Bond Legislation) after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1987 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1987 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (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, except from said special fund provided from the Net Revenues, the moneys in the Series 1987 B Bonds Reserve Account and unexpended Bond proceeds. 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 amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1987 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1987 B Bonds Reserve Account and the reserve account established for the Series 1987 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1987 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least

at 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 Kanawha 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as 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, shall be applied solely to the payment of the Costs of the Project 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 owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1987 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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, NEW CREEK PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 1987.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By _____
Its 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 3.10. Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority. The Original 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 is hereby authorized, ratified and approved.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued if previously established by the 1984 Resolution) with and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by 1984 Resolution);

(2) Reserve Fund (established by the 1984 Resolution);

(3) Depreciation Reserve (established by the 1984 Resolution);

(4) Renewal and Replacement Fund; and

(5) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1987 A Bonds Sinking Fund;

(a) Within the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account.

(2) Series 1987 B Bonds Sinking Fund;

(a) Within the Series 1987 B Bonds Sinking Fund, the Series 1987 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System, and all Tap Fees received, 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; provided, however, no payments required to be made on behalf of the 1984 Bonds or required to be made on behalf of the Series 1987 A Bonds pursuant to this Section 5.03 shall have any preference or priority over the other.

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

(2) The Issuer shall next, on or before the due date of payment of each installment on the 1984 Bonds, transfer from the Revenue Fund and pay to the National Finance Office designated in the 1984 Bonds the amount required to pay the interest on the 1984 Bonds and to amortize the principal of the 1984 Bond over the life of the 1984 bond issue.

(3) The Issuer shall also, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1987 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1987 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 1987 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.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 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 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(5) The Issuer shall next, by the 15th day of each month, transfer from the Revenue Fund and deposit with the Depository Bank in the Reserve Fund for the 1984 Bonds established under the 1984 Resolution, 1/12th of 1/10th of the amount of principal and interest becoming due on the

1984 Bonds in any year until the amount in the Reserve Fund equals the sum of $32,412, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the 1984 Bonds to said National Finance Office as the same shall become due or for prepayment of installments on the 1984 Bonds, or for mandatory prepayment of the 1984 Bonds as hereinafter provided, and for no other purpose.

(6) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1987 A Bonds, if not fully funded upon issuance of the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1987 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 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 1987 A Bonds Reserve Requirement.

(7) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month following the issuance and delivery of the Bonds, 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 the Series 1987 A Bonds 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 1987 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the

maximum extent required by Subsection 5.03(A)(6)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(8) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 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.

(9) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1987 B Bonds, if not fully funded upon issuance of the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Reserve Account, an amount equal to 1/120th of the Series 1987 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 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 1987 B Bonds Reserve Requirement.

(10) The Issuer shall also, by the 15th day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve established under the 1984 Resolution with the Depository Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $80,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first (in the event there are no other funds available therefor) to make up any deficiencies for monthly payments of principal of and interest on the 1984 Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in

accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and for additions and improvements for the System, or any part thereof.

Moneys in the Series 1987 A Bonds Sinking Fund and the Series 1987 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, for deposit in the Revenue Fund, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1987 A Bonds Reserve Account which result in a reduction in the balance of the Series 1987 A Bonds Reserve Account to below the Series 1987 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1987 B Bonds Reserve Account which result in a reduction in the balance of the Series 1987 B Bonds Reserve Account to below the Series 1987 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1987 B Bonds Sinking Fund have been made in full.

All payments required to be made on behalf of the 1984 Bonds and the Series 1987 A Bonds pursuant to this Section 5.03 shall be made pro rata in accordance with the then outstanding respective principal amounts thereof, in the event that moneys are not available to make all such payments in full.

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 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 provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1987 A Bonds Sinking Fund, or the Series 1987 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, 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.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

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 respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. 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 the several funds and accounts described herein and by the 1984 Resolution on account of the 1984 Bonds and the Bonds 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.

C. 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 the Depository Bank's charges and the Paying Agent fees then due.

D. 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.

E. 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.

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

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

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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 Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1987 A Bonds, there shall next be deposited with the Commission in the Series 1987 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1987 A 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 1987 A Bonds, there shall be deposited with the Commission in the Series 1987 A Bonds Reserve Account and from the proceeds of the Series 1987 B Bonds, there shall be deposited with the Commission in the Series 1987 B Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1987 A Bonds, and thereafter for the Series 1987 B Bonds.

Section 6.02. Disbursements from the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance of the Original 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 Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond 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 Bond 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 Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1987 A Bonds Reserve Account, and when fully funded to the Series 1987 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of 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 said 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 or 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 Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Series 1987 A Bonds Secured by Parity Pledge of Net Revenues; Series 1987 B Bonds Secured by Subordinate Pledge of Net Revenues. The payment of the debt service of the Series 1987 A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System on parity with the lien in favor of the Holders of the 1984 Bonds and payment of the debt service of the Series 1987 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues junior and subordinate to the lien on said Net Revenues in favor of the Holders of the 1984 Bonds and the Series 1987 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the 1984 Bonds and the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same 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 Order of the Public Service Commission of West Virginia entered September 1, 1981 (Case No. 81-138-S-CN).

Section 7.05. Sale of the System. 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 Resolution in accordance with Section 10.01 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, 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. Any balance remaining after the payment of all the 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 Fund 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 Fund 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 in this Section 7.06 and in Section 7.07B, so long as any of the Bonds are Outstanding, 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 Bonds; provided, however, that additional Bonds on a parity with the Series 1987 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the 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 1987 A Bonds and the Series 1987 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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 in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. A. 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 1987 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1987 A Bonds, unless the Series 1987 B Bonds are no longer outstanding.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of 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 then Outstanding; and

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

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

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments 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 of each series, 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.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

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 1987 A Bonds and the Series 1987 B 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 1987 A Bonds or the Series 1987 B 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.

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional 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 bonds on a parity with the Bonds.

Section 7.08. Books and Records. 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 and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of 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 with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Bonds 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 Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

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 reasonable expenses of operation, repair and maintenance 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 or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that an amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for bonds prior to or on a parity with the 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 or payable from such revenues prior to or on a parity with the Bonds.

Section 7.10. Operating Budget and Audit. 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 expenditures for operation and maintenance of the System during the succeeding Fiscal Year. 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 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 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.

Section 7.11. 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 7.12. 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 of the Issuer, 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.

Section 7.13. 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 7.14. 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 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 during construction of the Project in the full insurable value thereof, 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 $100,000 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, to the extent available at reasonable cost to the Issuer.

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

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.

Section 7.15. 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 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. 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.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser 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 and Regulations promulgated thereunder.

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

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

Section 7.18. 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 for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1987 A Bonds shall be on parity with the statutory mortgage lien in favor of the Holders of the 1984 Bonds and senior to the statutory mortgage lien in favor of the Holders of the Series 1987 B Bonds.

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 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, 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 bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations, 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. Rebate of Excess Investment Earnings to the United States. A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Bond Legislation, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Bond Legislation, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on the last day of each Bond Year or on the preceding business day in the event that such last day is not a business day, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

B. DUTIES OF ISSUER IN GENERAL. The Issuer shall calculate Excess Investment Earnings in accordance with Subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsections D and E.

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 30 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Original Purchaser and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 30 days following the last day of each Bond Year and within 30 days following the date of the retirement of the Bond, the Issuer shall calculate, and shall provide written notice to the Purchaser and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following:

(1) Except as provided in (2), in determining the amount described in clause A(i) of the definition of Excess Investment Earnings, the aggregate amount earned on

Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the actual Yield of the Bonds during the period between the Closing Date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bond, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of

the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than $100,000.

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment 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 at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. 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 by this Subsection D, 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.

E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the Issuer shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

F. MAINTENANCE OF RECORDS. The Issuer shall keep, and retain for a period of 6 years following the retirement of the

Bonds, records of the determinations made pursuant to this Section 8.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, 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.

H. FURTHER AGREEMENT. Notwithstanding the foregoing, the Issuer further 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.

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 any 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, 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.

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 however, that all rights and remedies of the Holders of the Series 1987 B Bonds shall be subject to those of the Holders of the 1984 Bonds and the Series 1987 A 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, 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 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 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 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 Series 1987 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1987 A Bonds only, 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 1987 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 A 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 Agents 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 1987 A 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 1987 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the 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 1987 A 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 1987 A 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.

Section 10.02. Defeasance of Series 1987 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1987 B Bonds only, 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 1987 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 B 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 Agents 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 1987 B 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 1987 B 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 1987 B 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 1987 B 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. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective 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 respectively pledged therefor without the consent of the respective 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 exemption from federal income taxation of interest on the Bonds.

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 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 and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

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 enactment 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 the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted this 11th day of August, 1987.

Chairman, Public Service Board

Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution adopted by the Public Service Board of New Creek Public Service District on this 11th day of August, 1987.

[SEAL]

Secretary, Public Service Board

08/12/87
NCPSD2-A

"EXHIBIT A"

[Included as Document Nos. 3 and 4 of Bond Transcript]

NEW CREEK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B OF NEW CREEK PUBLIC SERVICE DISTRICT; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO 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 New Creek Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective August 11, 1987 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF NEW CREEK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $250,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 A, AND NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL 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, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $350,000, to be issued in two series, the Series 1987 A Bonds to be in an aggregate principal amount of not more than $250,000 (the "Series 1987 A Bonds") and the Series 1987 B Bonds to be in an aggregate principal amount of not more than $100,000 (the "Series 1987 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1987 A Bonds dated August 7, 1987, and a supplemental loan agreement relating to the Series 1987 B Bonds, also dated August 7, 1987 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A, West Virginia Code, 1931, as amended (the "Act"); and in the Bond Resolution it is provided that the exact principal amounts, maturity dates, interest rates, 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 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 entered into and ratified by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates 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 NEW CREEK 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:

(A) The Sewer Revenue Bonds, Series 1987 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $200,757. The Series 1987 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, shall bear interest at the rate of 8.38% per annum, payable

semiannually on April 1 and October 1 of each year, first interest payable October 1, 1987, 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, as long as the Authority shall be the registered owner of the Series 1987 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1987 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $49,243. The Series 1987 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1987 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. 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 Kanawha Valley Bank, National Association, Charleston, West Virginia, as 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 Kanawha Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, 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, as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint and designate The National Bank of Keyser, Keyser, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1987 A Bond Proceeds in the amount of $-0- shall be deposited in the Series 1987 A Sinking Fund, as capitalized interest.

Section 8. Series 1987 A Bond Proceeds in the amount of $17,654 shall be deposited in the Series 1987 A Bonds Reserve Account and Series 1987 B Bond Proceeds in the amount of $1,297 shall be deposited in the Series 1987 B Bonds Reserve Account.

Section 9. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about August 17, 1987, to the Authority pursuant to the Loan Agreement.

Section 10. The financing of the Project 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 11. 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 in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund.

Section 12. 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 (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, any borrowings incurred for the purpose of paying engineering or design costs.

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

Adopted this 11th day of August, 1987.

NEW CREEK PUBLIC SERVICE DISTRICT

Chairman

08/07/87
NCPSD1-B

NEW CREEK PUBLIC SERVICE DISTRICT

Sewer Revenue Bond, Series 1984
and
Bond and Grant Anticipation Notes, Series 1983

BOND AND NOTES RESOLUTION

Table of Contents

Subject		Page
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for This Resolution	1
Section 1.02	Findings and Determinations	1
Section 1.03	Resolution to Constitute Contract	3
Section 1.04	Use of Sewer Facilities Mandatory	3
Section 1.05	Definitions	4
ARTICLE II A - BOND ANTICIPATION NOTES		
Section 2.01 A	Authorization and General	7
Section 2.02 A	Deposit of BAN Proceeds	7
Section 2.03 A	Security for the BAN	8
Section 2.04 A	Payment of BAN	8
Section 2.05 A	BAN Are Limited Obligations	8
Section 2.06 A	Trustee; Sewerage System BAN Repayment Account	8
Section 2.07 A	Paying Agents	9
Section 2.08 A	Covenants	9
Section 2.09 A	Refunding BAN	9
Section 2.10 A	Events of Default and Enforcement	10
Section 2.11 A	Defeasance of BAN	10
Section 2.12 A	Supplemental Resolution on BAN	10
Section 2.13 A	Non-Presentment of BAN or Coupons	11
Section 2.14 A	Form of BAN	11
FORM OF BAN		12
ARTICLE II B - GRANT ANTICIPATION NOTES AND GRANT PROCEEDS		
Section 2.02 B	Authorization and General	16
Section 2.02 B	Deposit of GAN Proceeds	16
Section 2.03 B	Security for the GAN	17
Section 2.04 B	Payment of GAN; EPA Grant Proceeds	17

Section 2.05 B GAN are Limited Obligations 17
Section 2.06 B Trustee; GAN Repayment Account 17
Section 2.07 B Paying Agents 18
Section 2.08 B Covenants 18
Section 2.09 B Grant Anticipation Refunding Notes 19
Section 2.10 B Events of Default and Enforcement 19
Section 2.11 B Defeasance of GAN 19
Section 2.12 B Supplemental Resolution on GAN 20
Section 2.13 B Non-Presentment of GAN or Coupons 20
Section 2.14 B Form of GAN 20

FORM OF GAN 21

ARTICLE III - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01 Authorization of Bond 25
Section 3.02 Description of Bond 25
Section 3.03 Execution of Bond 25
Section 3.04 Bond, BAN or GAN Mutilated, Destroyed, Stolen or Lost 25
Section 3.05 Bond Secured by Pledge of Revenues 25
Section 3.06 Form of Bond 26

FORM OF BOND 27

ARTICLE IV - NOTES PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 4 01 Notes Proceeds; Project Construction Account 31
Section 4.02 Covenants of the Issuer as to Revenues and Funds 32

ARTICLE V - GENERAL COVENANTS

Section 5.01 General Statement 36
Section 5.02 Rates 36
Section 5.03 Sale of the System 36
Section 5.04 Issuance of Additional Parity Bonds 36
Section 5.05 Insurance and Bonds 36
Section 5.06 Events of Default 38
Section 5.07 Enforcement 38
Section 5.08 Fiscal Year; Budget 39
Section 5.09 Covenant to Proceed and Complete 39
Section 5.10 Books and Records 39
Section 5.11 Maintenance of System 40
Section 5.12 No Competition 40
Section 5.13 Concerning Arbitrage 40

ARTICLE VI - RATES, ETC.

Section 6.01	Initial Schedule of Rates and Charges; Rules	41

ARTICLE VII - MISCELLANEOUS

Section 7.01	Modification or Amendment	42
Section 7.02	Delivery of Bond No. R-1	42
Section 7.03	Severability of Invalid Provision	42
Section 7.04	Conflicting Provisions Repealed	42
Section 7.05	Table of Contents and Headings	42
Section 7.06	Effective Time	43

SIGNATURES 43

06/24/83
CREEK1-B

NEW CREEK PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $550,000 SEWER REVENUE BOND, SERIES 1984, BOND ANTICIPATION NOTES AND GRANT ANTICIPATION NOTES OF NEW CREEK PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS FOR THE EXISTING SEWERAGE SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND AND THE NOTES; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BOND AND THE NOTES; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

(A) The Issuer now has a public sewerage system which does not service a substantial number of residents of the Issuer, and therefore is not adequate for the health, safety and convenience of the inhabitants of the Issuer and the public served and to be served by the sewerage system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and others to be served, and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements for the

existing sewerage system of the Issuer consisting of additional collection lines and other improvements for the existing sewerage system with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of $550,000 to finance a portion of the cost of such construction and, prior to delivery of the Bond, it is necessary for the Issuer to issue its bond anticipation notes in the same principal amount and its grant anticipation notes in the principal amount shown in Section 2.01B.

(D) The estimated maximum cost of the construction of the Project is $2,617,623, of which $550,000 will be obtained from the proceeds of sale of the Bond Anticipation Notes herein authorized, and the balance from a grant of $1,552,425 by the United States Environmental Protection Agency (EPA), $103,495 from a grant by Appalachian Regional Commission (ARC), $103,495 from a grant by West Virginia Water Development Authority (the "Authority"), $200,000 from a Governor's Partnership Grant of the State of West Virginia, and estimated investment income in the amount of $108,208.

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

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

(G) The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction and acquisition of the Project and operation of the System and issuance of the Bond and the Notes, or will have so complied prior to issuance of the Bond and the Notes, including, among other things, a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser and of the Notes by the purchasers thereof, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder and the holders of the Notes, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond and for the holders of the Notes.

Section 1.04. Use of Sewer Facilities Mandatory. 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, 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 receipt of a thirty (30)-day notice of the availability of the facilities 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 the court of competent jurisdiction.

Section 1.05. Definitions. The following terms shall have the following meanings herein unless the text otherwise expressly requires:

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

"ARC Grant" means the grant from the Appalachian Regional Commission pursuant to the commitment therefor.

"BAN" means the Bond Anticipation Notes hereinafter provided for and any refunding bond anticipation note or notes hereafter issued.

"Bond" means the Sewer Revenue Bond, Series 1984, authorized hereby to be issued and also means and includes the BAN unless the context clearly would exclude the BAN.

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

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means John McNair and Associates, Waynesboro, Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"EPA Grant" means the grant from Environmental Protection Agency pursuant to the commitment therefor.

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

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

"GAN" means the Grant Anticipation Notes hereafter provided for and any refunding grant anticipation note or notes hereafter issued.

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

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of the Bond and, unless the context clearly would exclude the BAN, also means the holders of the BAN.

"Issuer" means New Creek Public Service District and includes the Governing Body.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Notes" means collectively the BAN and the GAN.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

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

"Purchase Agreement" means the Note Purchase Agreement dated June 28, 1983, by and between the Issuer and the Underwriter.

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

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

"Secretary" means the Secretary of the Governing Body.

"System" means the existing sewerage system of the Issuer as expanded by the Project and includes the complete sewerage system of the Issuer 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 any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the sewerage system after completion of the Project.

"Trust Agreement" means the Trust Agreement to be dated on the delivery date of the BAN and the GAN between the Issuer and the Trustee, the form of which is attached hereto as Appendix A.

"Trustee" means The National Bank of Keyser, a national banking association with principal office in Keyser, West Virginia and any successor trustee under the Trust Agreement.

"Underwriter" means the purchaser of the BAN and the GAN, or both directly from the Issuer.

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

ARTICLE II A

BOND ANTICIPATION NOTES

Section 2.01 A. Authorization and General. In order to pay certain costs of the construction of the Project pending the delivery of the Bond to the Purchaser, bond anticipation notes ("BAN") of the Issuer may be issued and sold in an amount not to exceed $550,000.

Each BAN shall be designated "Sewerage System Bond Anticipation Note, Series 1983," shall be dated on the date of delivery, therefor, shall be numbered from 1 upward, shall be in such denominations as the Governing Body shall determine by Bond Legislation supplemental hereto, shall be such form, shall bear interest payable from the date, and at the rate or rates, shall mature, shall have such paying agents and shall have such other provisions as are not set forth herein as provided in such supplemental Bond Legislation. If interest is payable only at maturity of the BAN, interest coupons will not be used. The BAN shall contain the provisions shown in the form of BAN set forth in Section 2.14A below.

The BAN shall be executed for the Issuer by the Chairman, and the seal of the Issuer shall be affixed or imprinted thereon and attested by the manual or facsimile signature of the Secretary. Interest coupons, if any, shall bear the facsimile signatures of the Chairman and Secretary.

The BAN shall be sold pursuant to a Purchase Agreement to be entered into between the Issuer and Underwriter pursuant to such supplemental Bond Legislation.

Section 2.02 A. Deposit of BAN Proceeds. The amount received upon the sale of the BAN, less interest to become due until the maturity thereof, shall be deposited on receipt by or for the Issuer with the Trustee in the Sewerage Project Construction Account established by Section 4.01 hereof and by the Trust Agreement.

The balance received from the proceeds from the sale of the BAN shall be for payment of the interest on the BAN as such interest becomes due, and shall be directly deposited on receipt by or for the Issuer with the Trustee in a special segregated account designated "New Creek Public Service District Sewerage System BAN Repayment Account," as more particularly described and upon the further terms and conditions of Section 2.06 A hereof and in the Trust Agreement.

Section 2.03 A. Security for the BAN. The BAN shall be secured by the pledge by the Issuer of and by a first lien on (i) the obligation of the Purchaser to make the loan to the Issuer in the amount of $550,000 (the "Loan") by purchasing the Bond, (ii) the proceeds of the sale of the Bond when received from the Purchaser, (iii) all moneys and securities in the Sewerage System BAN Repayment Account, (iv) the proceeds from the sale of the BAN and investment earnings thereon until expended as herein authorized, (v) the proceeds of sale of the BAN refunding notes, if any, and (vi) the Net Revenues of the System until payment of the BAN, and said pledge by the Issuer for the benefit of the holders of the BAN, to the extent of the aggregate principal amount of the BAN and the interest thereon, is hereby made and granted. The Issuer will execute such documents as may be required, if any, to perfect such pledge and lien. The Trustee shall act as agent for the holders of the BAN in connection with the execution of instruments necessary under applicable laws in order to fully perfect the interests of the holders of the BAN in the assets pledged hereby, and to receive all notices and respond to all inquiries in connection therewith.

Section 2.04 A. Payment of BAN. The Issuer will immediately deposit with the Trustee all proceeds from the sale of the Bond and of any refunding BAN to pay the BAN, to be placed by the Trustee directly into the BAN Repayment Account held by the Trustee. Upon maturity of the BAN, the Trustee will pay to the Paying Agents all principal and interest owing on the BAN.

Section 2.05 A. BAN Are Limited Obligations. The BAN shall be limited obligations of the Issuer, the interest on which is payable solely from certain of the proceeds from the sale of the BAN, the principal of which is payable from the sources described in Section 2.03 A above, or, the principal of and interest on which are payable from the Net Revenues in the event that the Purchaser shall not purchase the Bond in accordance with its agreement to do so.

Section 2.06 A. Trustee; Sewerage System BAN Repayment Account. The Trustee shall segregate all funds and securities in the Sewerage System BAN Repayment Account separate and apart from other deposits and funds of the Trustee and other deposits and funds of the Issuer, including the Sewerage Project Construction Account. Subject to the Trust Agreement, all moneys in the BAN Repayment Account, until payment in full of all principal and interest owing on the BAN at maturity, shall be held by the Trustee for the holders of the BAN, and the Issuer shall have no rights with respect thereto. All moneys in the BAN Repayment Account in excess of the amount insured by FDIC shall be continuously secured by, or invested by the Trustee in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America or agencies of the United States of America ("Federal

Obligations") which Federal Obligations shall mature at least 1 day prior to need for the funds for payment of interest on or principal of the BAN. At or prior to any interest payment date and the maturity of the BAN, the Trustee shall transfer to the Paying Agents in immediately available funds the amount of interest or principal and interest owing on the BAN and the charges of the Trustee and Paying Agents. Upon such transfer the Trustee shall pay to the Issuer any excess amounts remaining in the BAN Repayment Account, and the Issuer shall deposit any such amounts in the Sewerage Project Construction Account.

The Issuer shall pay to the Trustee and Paying Agents from time to time reasonable compensation for all services rendered by the Trustee and the Paying Agents under the Bond Legislation and the Trust Agreement, and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Trustee and the Paying Agents in connection with performance of their functions thereunder and hereunder.

Section 2.07 A. Paying Agents. Each Paying Agent for the BAN shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. The Issuer may appoint as successor Paying Agent any bank, trust company or national banking association.

Section 2.08 A. Covenants. The Issuer agrees that prior to the occurrence of any Event of Default (as hereinafter defined) and until payment in full of the principal and interest owing on the BAN when due, the covenants contained in Article V for the benefit of the Bondholder shall inure to the benefit of the holders of the BAN. Upon the occurrence of an Event of Default, the holders of the BAN shall be entitled to the benefit of all covenants contained in Article V as if the holders of the BAN were the Purchaser hereunder.

In addition, the Issuer covenants to issue and sell the Bond to the Purchaser not later than one business day before the maturity of the BAN and to take all actions necessary to cause the Purchaser to purchase the Bond on or before such date, payment for the Bond to be in Federal funds immediately available on date of the Bond delivery.

Section 2.09 A. Refunding BAN. The Issuer covenants that in the event the Bond is not issued and sold not later than one day prior to the due date of the BAN, it will use its best efforts to sell one or more series of its Bond Anticipation Refunding Notes hereunder in such aggregate amount as shall be necessary to pay the principal of the BAN, accrued interest thereon to maturity and the

expense of issuing the Bond Anticipation Refunding Notes. The proceeds of the Bond Anticipation Refunding Notes, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the BAN Repayment Account and used solely for the payment of the principal of and accrued interest on the BAN.

All Bond Anticipation Refunding Notes shall be in substantially the same form as the BAN, but shall be of such denominations, bear such dates, bear interest at such rates, have such maturity dates and contain an appropriate series designation, all as shall be provided in the supplemental Bond Legislation authorizing such Bond Anticipation Refunding Notes.

Section 2.10 A. Events of Default and Enforcement. The events described in the Trust Agreement as Events of Default shall be Events of Default hereunder.

In the event that the BAN are not paid when due, the interest rate on the BAN after maturity until payment thereof in full shall be the maximum rate permitted by the Act, and the Issuer will pay the holders of the BAN not paid when due the principal amount of the BAN together with interest at the rate shown on the BAN from the date of the BAN until the due date thereof, and plus interest on the principal of the BAN at such maximum interest rate from the due date of the BAN until payment thereof in full.

Section 2.11 A. Defeasance of BAN. Upon deposit by the Issuer with the Trustee of moneys sufficient to pay the BAN at maturity or of Federal Obligations, the principal of and interest on which will be sufficient to pay the BAN at maturity, the BAN shall be considered to have been paid in full pursuant hereto except as provided below, and the lien and pledge hereby granted shall be deemed to be and shall be cancelled and discharged; and the holders of the BAN shall, upon such deposit, be entitled to payment of the BAN and the interest thereon at maturity solely from the moneys then on deposit with the Trustee. All moneys and all securities deposited in accordance with the provisions of this Section shall at all times be under the exclusive control of the Trustee, shall be held by it for the sole benefit of the holders of the BAN, and shall be applied solely to the payment of the BAN except as expressly provided in this Section; and the Issuer shall have no rights or powers with respect to nor any interest in such moneys or securities or any part thereof.

Section 2.12 A. Supplemental Resolution on BAN. Following adoption hereof, and upon receipt of the Purchase Agreement referred to in Section 2.01 A, the Issuer, if it be so advised, will adopt a Supplemental Resolution which will provide, among other things, the interest rate or rates on the BAN, the

interest payment dates, the Paying Agents, the maturity date and the sale price of the BAN and such other matters as shall be required or desired in connection with issuance of the BAN.

Section 2.13 A. Non-Presentment of BAN or Coupons. In the event any BAN or coupon should not be presented for payment when due, one year after the due date or maturity, as the case may be, the Trustee upon request of the Issuer shall cause notice to be published one time in The Bond Buyer to the effect that such BAN or coupon shall no longer be entitled to any security hereunder and under the Trust Agreement, and that the holder thereof shall thereafter be entitled to payment solely from the Issuer from any funds of the Issuer available therefor. Following such publication, the Trustee shall close the BAN Repayment Account and distribute the funds therein as herein and in the Trust Agreement provided.

Section 2.14 A. Form of BAN. The BAN shall be in the following form, subject to such changes, insertions and deletions as the Chairman shall agree to by execution of the BAN:

(Form of BAN)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW CREEK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM BOND ANTICIPATION NOTE
SERIES 1983

No. _____ $_____

NEW CREEK PUBLIC SERVICE DISTRICT, a public service district in Mineral County of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay to bearer upon presentation and surrender hereof the sum of _____ THOUSAND DOLLARS ($_____) without option of prior redemption, on _____, _____, with interest at the rate of _____ percent (_____%) per year payable at maturity. Both principal and interest are payable in lawful money of the United States of America at the principal office of The National Bank of Keyser, Keyser, West Virginia, or at the option of the holder hereof, at the principal corporate trust office of _____.

This Note is one of a series of Notes in the aggregate principal amount of $550,000, duly authorized by the Issuer and issued in anticipation of the issuance of the Sewer Revenue Bond, Series 1983 (the "Bond"), of the Issuer in the principal sum of $550,000 for aiding in the construction of additions, extensions and improvements for the existing sewerage system (the "System") of the Issuer.

Farmers Home Administration of the United States Department of Agriculture has agreed to purchase the Bond at least one day prior to the due date of the Issue of Notes of which this Note is one.

The principal of this Note, and of the issue of Notes of which this Note is one, is payable solely, equally, ratably, and only from the proceeds of sale of the Bond and certain proceeds, if any, from the sale of refunding notes, and, if Farmers Home Administration should not purchase the Bond as agreed, from the net revenues of the System defined in the Bond Legislation mentioned below. The proceeds of sale of the Bond and certain proceeds, if any, from the sale of the refunding notes have been pledged to the Noteholders to secure payment of the principal of the Notes.

Moneys from the proceeds of sale of the Notes to pay the interest on the Notes have been deposited with the Trustee hereinafter mentioned.

The Notes of the issue of which this Note is one are limited and special obligations of the Issuer, and do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitations or provisions, and the Issuer shall not be obligated to pay this Note and the Notes of the issue of which this Note is one or the interest thereon except from the proceeds of the Bond and certain proceeds of the Notes and certain proceeds from the sale of refunding notes and any other sources which may be provided by the Bond Legislation authorizing issuance of the Notes and the Bond.

The Notes of the issue of which this Note is one have been duly authorized by a Resolution and a Supplemental Resolution (collectively called the "Bond Legislation") of the Issuer pursuant to West Virginia Code, Chapter 16, Article 13A (the "Act").

The Act provides that the Notes of the issue of which this Note is one are exempt as to principal and interest from taxation by the State of West Virginia and the other taxing bodies of the State.

The Notes of the issue of which this Note is one are further secured by the Trust Agreement referred to in the Bond Legislation, between the Issuer and The National Bank of Keyser, Keyser, West Virginia (the "Trustee"), to which Trust Agreement and Bond Legislation reference is made for further description of the security for payment hereof, the rights of the holders of the Notes and the rights and obligations of the Issuer and the Trustee.

Every requirement of law relating to the issuance hereof has been duly complied with.

This Note shall not be valid nor become obligatory for any purpose until the Certificate of Authentication hereon has been executed by the Trustee.

IN WITNESS WHEREOF, NEW CREEK PUBLIC SERVICE DISTRICT has caused this Note to be signed by the Chairman of its Public Service Board and has caused its seal to be hereto affixed and attested by the Secretary of said Public Service Board, all as of the date below written.

Dated: _____, _____.

NEW CREEK PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes of the issue of Notes described in the within-mentioned Bond Legislation.

THE NATIONAL BANK OF KEYSER,
Trustee

By _____
Its Authorized Officer

ARTICLE II B

GRANT ANTICIPATION NOTES AND GRANT PROCEEDS

Section 2.01 B. Authorization and General. In order to pay certain costs of the construction of the Project pending the receipt by the Issuer of the EPA Grant and the ARC Grant, Grant Anticipation Notes (GAN) of the Issuer shall be issued and sold in the aggregate principal amount of $1,270,000.

Each GAN shall be designated "Sewerage System Grant Anticipation Note, Series 1983," shall bear such date, shall be in such denominations, shall be in such form and shall bear interest from the date at the rate or rates as the Governing Body shall determine by Bond Legislation supplemental hereto, payable at maturity, or at periodic intervals to be as provided in such supplemental Bond Legislation, with maturity, call provisions, if any, and Paying Agents as provided in such supplemental Bond Legislation, shall be numbered from 1 upward, and shall contain the provisions shown in the form of GAN set forth in Section 2.14 B below, substantially as therein set forth.

The GAN shall be executed for the Issuer by the Chairman, and the seal of the Issuer shall be affixed or imprinted thereon and attested by the manual or facsimile signature of the Secretary. The interest coupons for the GAN shall be executed by the facsimile signatures of the Chairman and Secretary.

The GAN shall be sold pursuant to a Purchase Agreement to be entered into between the Issuer and the Underwriter and shall be sold at the price to be provided in the Supplemental Resolution described in Section 2.12 B.

Section 2.02 B. Deposit of GAN Proceeds. The amount received from the sale of the GAN, less interest to become due until the maturity thereof, shall be deposited on receipt by the Issuer with the Trustee in the Sewerage Project Construction Account established by Section 4.01 hereof and by the Trust Agreement.

The balance received from the proceeds from the sale of the GAN shall be for payment of the interest on the GAN as such interest becomes due, shall be directly deposited on receipt by or for the Issuer with the Trustee in a special segregated account designated as "New Creek Public Service District Sewerage System GAN Repayment Account," as more particularly described in and upon the further terms and conditions of Section 2.06 B below and in the Trust Agreement.

Section 2.03 B. Security for the GAN. The GAN shall be secured by the pledge by the Issuer of and by a first lien on (i) the moneys received by or for the Issuer in excess of $385,920 and pursuant to the commitment to the Issuer for the EPA Grant in the aggregate amount of $1,552,425 and for the ARC Grant in the aggregate amount of $103,495, (ii) all moneys and securities in the GAN Repayment Account, (iii) the proceeds of sale of the GAN refunding notes, if any, (iv) all EPA Grant proceeds, ARC Grant proceeds and GAN proceeds and investment earnings thereon in the Project Construction Account until expended in accordance with the Trust Agreement, certified by the Consulting Engineer as not needed for completion of construction of the Project ("Surplus Funds"); PROVIDED, HOWEVER, that Surplus Funds shall be available for payment of the GAN only upon receipt by the Issuer of the written consent of the Purchaser and (v) any other funds arising from grants or gifts made available for the Project or investment income therefrom lawfully available for the purpose, and said pledge by the Issuer for the benefit of the holders of the GAN to the extent of the aggregate principal amount of the GAN and the interest thereon is hereby made and granted. The Issuer will execute such security agreements and other documents that may be required to perfect such pledge and lien. The Trustee shall act as agent for the holders of the GAN in connection with the execution of all instruments necessary under applicable laws in order to fully perfect the interests of the holders of the GAN in the assets pledged hereby, and to receive all notices and respond to all inquiries in connection therewith.

Section 2.04 B. Payment of GAN; EPA Grant Proceeds. The Issuer will immediately, upon receipt, deposit with the Trustee all proceeds of the EPA Grant and ARC Grant received by the Issuer in excess of the sum of $385,920, and the net proceeds of any GAN refunding notes to be applied to the payment of the GAN pursuant to Section 2.09B hereof, to be placed by the Trustee directly into the GAN Repayment Account held by the Trustee, subject, however, to the provisions of the Trust Agreement. Upon maturity of the GAN, the Trustee will pay to the Paying Agents all principal and interest on the GAN and the charges of the Trustee and the Paying Agents.

Section 2.05 B. GAN are Limited Obligations. The GAN shall be limited obligations of the Issuer, the interest of which is payable solely from certain of the proceeds from the sale of the GAN, the principal of which is payable from the sources described in Section 2.03 B above.

Section 2.06 B. Trustee; GAN Repayment Account. The Trustee shall segregate all funds and securities in the GAN Repayment Account separate and apart from other deposits and funds of the

Trustee and other deposits and funds of the Issuer, including the Sewerage Project Construction Account. Subject to the Trust Agreement all moneys in the GAN Repayment Account, until payment in full of all principal and interest owing on the GAN at their maturity, shall be held by the Trustee for the holders of the GAN, and the Issuer shall have no rights with respect thereto except to receive the balance therein after payment of the GAN and the interest thereon and the charges of the Trustee and Paying Agents. All moneys in the GAN Repayment Account in excess of the amount insured by FDIC shall be continuously secured by, or invested by the Trustee in, direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America or agencies of the United States of America ("Federal Obligations") which Federal Obligations shall mature at least 1 day prior to the maturity of the GAN. At or prior to the maturity of the GAN, the Trustee shall transfer to the Paying Agents in immediately available funds the total principal of and interest owing on the GAN to their maturity and the charges of the Trustee and Paying Agents. Upon such transfer the Trustee may refund to the Issuer any excess amounts remaining in the GAN Repayment Account.

The Issuer shall pay to the Trustee and the Paying Agents from time to time reasonable compensation for all services rendered by the Trustee and the Paying Agents hereunder and under the Trust Agreement, and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Trustee and the Paying Agents in connection with performance of their functions hereunder and under the Trust Agreement.

Section 2.07 B. Paying Agents. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. The Issuer may appoint as successor Paying Agent any bank, trust company or national banking association.

Section 2.08 B. Covenants. The Issuer covenants and agrees that, until payment in full of the principal and interest owing on the GAN at maturity, it will meet, abide by and comply with all conditions, terms and duties imposed upon the Issuer in connection with the EPA Grant and ARC Grant to the end that the Issuer will at all times be fully entitled to receive the entire amount of the EPA Grant and ARC Grant without delay.

The Issuer covenants to take all actions necessary to cause EPA to pay to it the amount of the EPA Grant and ARC Grant, or portions thereof, required to pay the GAN not later than the day before the maturity of the GAN unless the Issuer shall have issued Grant Anticipation Refunding Notes pursuant to Section 2.09 B.

The Issuer covenants that upon receipt of all proceeds of the EPA Grant and ARC Grant, it will disburse such proceeds in such manner as to provide for the defeasance of the GAN in accordance with the terms of Section 2.11 B hereof and the Trust Agreement.

Section 2.09 B. Grant Anticipation Refunding Notes. The Issuer covenants that in the event the proceeds of the EPA Grant and ARC Grant in a sum sufficient to pay the GAN are not expected to be received in time to pay the GAN at maturity, it will use its best efforts to sell one or more series of its Grant Anticipation Refunding Notes hereunder prior to maturity of the GAN in such aggregate amount as shall be necessary to pay the principal of the GAN, accrued interest thereon to maturity (if necessary) and the expense of issuing such Grant Anticipation Refunding Notes. The proceeds of the Grant Anticipation Refunding Notes, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the GAN Repayment Account and used solely for the payment of the principal of and accrued interest on the GAN.

All Grant Anticipation Refunding Notes shall be in substantially the same form as the GAN, but shall be of such denominations, bear such dates, bear interest at such rates, have such maturity dates and contain an appropriate series designation, all as shall be provided in the supplemental resolution authorizing such Grant Anticipation Refunding Notes.

Section 2.10 B. Events of Default and Enforcement. The events described in the Trust Agreement as Events of Default shall be Events of Default hereunder.

Section 2.11 B. Defeasance of GAN. Upon deposit by the Issuer with the Trustee of moneys sufficient to pay the GAN at maturity, or of Federal Obligations, the principal of and interest on which will be sufficient to pay the GAN at maturity, the GAN shall be considered to have been paid in full pursuant hereto, except as provided below, and the lien and pledge hereby granted shall be deemed to be and shall be cancelled and discharged; and the holders of the GAN shall, upon such deposit, be entitled to payment of the GAN and the interest thereon at maturity solely from the moneys then on deposit with the Trustee. All moneys and all securities deposited in accordance with the provisions of this Section shall at all times be under the exclusive control of the Trustee, shall be held by it for the sole benefit of the holders of the GAN, and shall be applied solely to the payment of GAN except as expressly provided in this Section; and the Issuer shall have no rights or powers with respect to nor any interest in such moneys or securities or any part thereof.

Section 2.12 B. Supplemental Resolution on GAN. Following adoption hereof, and upon receipt of the Purchase Agreement referred to in Section 2.01 B, the Issuer, if it be so advised, will adopt Supplemental Resolution approving the Purchase Agreement and ordering the issuance of the GAN pursuant hereto and to the Supplemental Resolution, which Resolution will provide, among other things, the interest rate or rates on the GAN, the interest payment dates, the maturity date and the sale price of the GAN and such other matters as shall be required or desired in connection with issuance of the GAN.

Section 2.13 B. Non-Presentment of GAN or Coupons. In the event any GAN or coupon should not be presented for payment when due, one year after the due date or maturity, as the case may be, the Trustee upon request for the Issuer shall cause notice to be published one time in The Bond Buyer to the effect that such GAN or coupon shall no longer be entitled to any security hereunder and under the Trust Agreement, and that the holder thereof shall thereafter be entitled to payment solely from the Issuer from any funds of the Issuer available therefor. Following such publication, the Trustee shall close the GAN Repayment Account and distribute the funds therein as herein and in the Trust Agreement provided.

Section 2.14 B. Form of GAN. The GAN shall be in the following form, subject to such changes, insertions and deletions as the Chairman shall agree to by execution of the GAN:

(Form of GAN)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW CREEK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM GRANT ANTICIPATION NOTE
SERIES 1983

No. _____ $_____

NEW CREEK PUBLIC SERVICE DISTRICT, a public service district in Mineral County of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay to bearer upon presentation and surrender hereof the sum of _____ _____ THOUSAND DOLLARS ($_____) without option of prior redemption, on _____, with interest at the rate of _____ percent (_____%) per year payable _____. Both principal and interest are payable in lawful money of the United States of America at the principal office of The National Bank of Keyser, Keyser West Virginia, or at the option of the holder, at the principal Corporate Trust Office of _____, New York, New York.

This Note is one of a series of Notes in the aggregate principal amount of $_____ duly authorized by the Issuer and issued in anticipation of the receipt by the Issuer from the United States Environmental Protection Agency ("EPA") of a grant in aid of construction of additions, extensions and improvements for the existing sewerage system (the "System") of the Issuer, which grant has been committed in the approximate sum of $_____ (the "EPA Grant") and a grant from the Appalachian Regional Commission ("ARC") to be administered by the EPA in the approximate sum of $_____ (the "ARC Grant").

The principal of this Note, and of the issue of Notes of which this Note is one, is payable solely, equally, ratably, and only from the proceeds of the EPA Grant and ARC Grant (less the sum of $_____ first received from the EPA Grant and ARC Grant), and certain proceeds, if any, from the sale of refunding notes. The proceeds of the EPA Grant and ARC Grant less said sum first received, and certain proceeds, if any, from the sale of refunding notes have been pledged to the Noteholders to secure payment of the principal of the Notes.

Moneys from the proceeds of sale of the Notes to pay the interest on the Notes have been deposited with the Trustee hereinafter mentioned.

The Notes of the issue of which this Note is one are limited and special obligations of the Issuer, and do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitations or provisions, and the Issuer shall not be obligated to pay this Note and the Notes of the issue of which this Note is one or the interest thereon except from the proceeds of the EPA Grant and ARC Grant received by the Issuer (less the sum of $_____ first received from the EPA Grant and ARC Grant), the proceeds, if any, from the sale of refunding notes, unexpended proceeds hereof and from the EPA Grant and ARC Grant as previously described and, with respect to interest hereon, certain of the proceeds of the Notes.

The Notes of the issue of which this Note is one have been duly authorized by a Resolution and Supplemental Resolution (collectively called the "Bond Legislation") of the Issuer pursuant to West Virginia Code, Chapter 16, Article 13A (the "Act").

The Act provides that the Notes of the issue of which this Note is one are exempt as to principal and interest from taxation by the State of West Virginia and the other taxing bodies of the State.

The Notes of the issue of which this Note is one are further secured by the Trust Agreement referred to in the Bond Legislation, between the Issuer and The National Bank of Keyser, Keyser, West Virginia (the "Trustee"), to which Trust Agreement and Bond Legislation reference is made for further description of the security for payment hereof, the rights of the holders of the Notes and the rights and obligations of the Issuer and the Trustee.

Every requirement of law relating to the issuance hereof has been duly complied with.

This Note shall not be valid nor become obligatory for any purpose until the Certificate of Authentication hereon has been executed by the Trustee.

IN WITNESS WHEREOF, NEW CREEK PUBLIC SERVICE DISTRICT has caused this Note to be signed by the Chairman of its Public Service Board and has caused its seal to be hereto affixed and attested by the Secretary of its Public Service Board, all as of the date below written.

Dated: _____, 1983.

NEW CREEK PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes of the issue of Notes described in the within-mentioned Bond Legislation.

THE NATIONAL BANK OF KEYSER,
Trustee

By _____
Its Authorized Officer

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Sewer Revenue Bond, Series 1983," is hereby authorized to be issued in the aggregate principal amount of not exceeding Five Hundred Fifty Thousand Dollars ($550,000) for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, No. R-1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

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

Section 3.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 3.04. Bond, BAN or GAN Mutilated, Destroyed, Stolen or Lost. In case the Bonds, BAN or GAN shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond, BAN or GAN of like tenor as the Bond, BAN or GAN so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, BAN or GAN or in lieu of and substitution for the Bond, BAN or GAN destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond, BAN or GAN so surrendered shall be cancelled and held for the account of the Issuer. If the Bond, BAN or GAN shall have matured or be about to mature, instead of issuing a substitute Bond, BAN or GAN the Issuer may pay the same, and, if such Bond, BAN or GAN be destroyed, stolen or lost, without surrender thereof.

Section 3.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System. The net revenues derived from the System in an amount sufficient to pay

the principal of and interest on the Bond and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 3.06. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

SEWER REVENUE BONDS, SERIES 1983

NEW CREEK PUBLIC SERVICE DISTRICT

$550,000

No. R-1

Date:_____

FOR VALUE RECEIVED, NEW CREEK PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Five Hundred Fifty Thousand Dollars ($550,000), plus interest on the unpaid principal balance at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof and $2,701, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

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

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

NEW CREEK PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Post Office Box 459
(P.O. Box No. or Street Address)

Keyser, West Virginia 26726
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

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

TOTAL $ _____

2

(Form of)

ASSIGNMENT

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE IV

NOTES PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 4.01. Notes Proceeds; Project Construction Account. The proceeds of sale of the Notes, less the sum representing interest on the Notes to the maturity thereof, shall be deposited on receipt by the Issuer with the Trustee under the Trust Agreement, in a special account hereby created and designated as "New Creek Public Service District Sewerage Project Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein and in the Trust Agreement.

Until completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Government on or before the due date, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment. The Issuer will also transfer from the Project Construction Account to the Trustee, upon request of the Trustee, such moneys as may be needed to pay charges of the Trustee and the Paying Agents.

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

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

Section 4.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in The National Bank of Keyser, West Virginia (the "Bank"), which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established initially with said Bank. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

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

(iii) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund hereby initially established with said Bank, 1/12 of 1/10 of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of $32,412, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining

in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(iv) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, hereby initially established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $80,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and for additions and improvements for the System, or any part thereof.

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

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest

practical date and in accordance with applicable provisions hereof.

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

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

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

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

(C) Change of Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will

cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) User Contracts. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 301 bona fide users upon the System on completion of the Project, and must obtain a $25.00 tap fee from each such new user and deposit in the Project Construction Account all such tap fees collected.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bond and to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

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

Section 5.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the

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

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

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

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon the Recording Officer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

Section 5.06. Events of Default. Each of the following events is hereby declared an "Event of Default":

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

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

Section 5.07. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

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

Section 5.08. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

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

Section 5.09. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recording Officer on the date of adoption hereof, subject to permitted changes.

Section 5.10. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at

all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.11. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.12. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 5.13. Concerning Arbitrage. The proceeds of sale of the Bond and the Notes will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The schedule of rates and charges for the services and facilities of the System shall be as set forth in the order of the Public Service Commission of West Virginia entered September 1, 1981.

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

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.02. Delivery of Bond No. R-1. The Chairman and Secretary are hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond or the Notes.

Section 7.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.06. Effective Time. This Resolution shall take effect immediately up its adoption.

Adopted: June 27, 1983

Chairman, Public Service Board

Member

Member

06/24/83
CREEK1-C

NEW CREEK PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION PROVIDING FOR THE REGISTRATION OF THE $550,000 SEWER REVENUE BOND, SERIES 1984, HERETOFORE AUTHORIZED BY NEW CREEK PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS FOR THE EXISTING SEWERAGE SYSTEM OF THE DISTRICT.

WHEREAS, by Resolution adopted June 27, 1983 (the "Resolution"), New Creek Public Service District (the "Issuer"), through its Public Service Board, authorized the issuance of its Sewer Revenue Bond, Series 1984, in the principal amount of $550,000 (the "Bond");

WHEREAS, since the adoption of the Resolution authorizing the Bond, federal law has been amended and it is now required that such Bonds be issued in registered form, in order to maintain exemption from taxation of the interest thereon; and

WHEREAS, in order to deliver the Bond on the date hereof, it is necessary to make certain modifications of the form of the Bond to provide for the registration thereof;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF NEW CREEK PUBLIC SERVICE DISTRICT, AS FOLLOWS:

1. It is hereby resolved that the New Creek Public Service District Sewer Revenue Bond, Series 1984, in the principal amount of $550,000, shall be delivered as a fully registered Bond, in the form attached hereto as Exhibit A as a part hereof.

2. The Chairman and Secretary of the Public Service District Board of New Creek Public Service District are hereby authorized to perform such other acts as may be necessary for the purpose of delivering the Bond in registered form, as aforesaid, including, but not limited to, serving as Bond Registrar and maintaining a Bond Register.

3. The Resolution shall otherwise remain in full force and effect as adopted.

4. This resoluton shall be effective immediately upon adoption.

Adopted this 27th day of June, 1984.

Chairman, Public Service Board

Member

Member

06/27/84
CREEK3-BB

EXHIBIT A

SEWER REVENUE BOND, SERIES 1984

NEW CREEK PUBLIC SERVICE DISTRICT

$550,000

No. R-1 Date: June 27, 1984

FOR VALUE RECEIVED, NEW CREEK PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Five Hundred Fifty Thousand Dollars ($550,000), plus interest on the unpaid principal balance at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof and $2,701, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

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

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

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

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

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

NEW CREEK PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____
Chairman, Public Service Board

Post Office Box 459
Keyser, West Virginia 26726

ATTEST:

_____
Secretary, Public Service Board

RECORD OF ADVANCES

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

TOTAL $ _____

ASSIGNMENT

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

(No writing on this Bond except by the Registrar)

SCHEDULE OF REGISTERED OWNERS

Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar

06/25/84
CREEK1-D

WDA-5
(October 1986)

RECEIVED
AUG 10 1987
WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

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

New Creek PSD

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all 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 construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

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

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985 (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of 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 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.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at 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 in respect of the System pursuant to the pertinent provisions of the Act.

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents 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.

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.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as

their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate 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 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 agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(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 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") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(g) 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) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the

financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, 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 enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(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 or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (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 will complete the Project and operate and maintain the System in good condition;

(iv) That 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 or payable from the revenues of the System prior to the Local Bonds; 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 any bond owner 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 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 and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must 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 owner 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 for non-construction costs); provided that, if the cost of acquisition and construction of the Project includes funded reserves for the Local Bonds, any requisite proceeds shall be credited to the construction fund and then deposited in the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein; and

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

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, 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 A.

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

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan

shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

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

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

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 cove-

nants 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, as set forth in the Local Act and in compliance with the provisions of Subsection 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 minimum sums set forth in the Local Act, 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 so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

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

6.5 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 tax-exempt status of the Local Bonds.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are 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 Schedule X shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

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

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

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

New Creek Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By _____
Its Chairman

Attest:

_____
Its Engineer

Date: August 7, 1987

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By _____
Director

Attest:

_____
Secretary-Treasurer

Date: 09/13/87

WDA-5X
(October 1986)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $ 200,757

Purchase Price of Local Bonds $ 200,757

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.38 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:

NEW CREEK PSD

ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER

---------- 1986 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	SERVICE
1987	8.33		2,056.21	2,056.21
1988	8.33		16,323.52	16,323.52
1989	8.33	829	16,323.52	17,152.52
1990	8.33	899	16,754.05	17,653.05
1991	8.33	974	16,679.71	17,652.71
1992	8.33	1,056	16,597.09	17,653.09
1993	8.33	1,144	16,508.60	17,652.60
1994	8.33	1,240	16,412.73	17,652.73
1995	8.33	1,344	16,308.33	17,652.33
1996	8.33	1,457	16,196.17	17,653.17
1997	8.33	1,579	16,074.10	17,653.10
1998	8.33	1,711	15,941.73	17,652.73
1999	8.33	1,855	15,798.40	17,653.40
2000	8.33	2,010	15,642.95	17,652.95
2001	8.33	2,178	15,474.51	17,652.51
2002	8.33	2,361	15,291.99	17,652.99
2003	8.33	2,559	15,094.14	17,653.14
2004	8.33	2,773	14,879.70	17,652.70
2005	8.33	3,006	14,647.32	17,653.32
2006	8.33	3,258	14,395.42	17,653.42
2007	8.33	3,530	14,123.40	17,652.40
2008	8.33	3,826	13,826.53	17,652.53
2009	8.33	4,147	13,506.96	17,653.96
2010	8.33	4,495	13,158.44	17,653.44
2011	8.33	4,871	12,781.76	17,652.76
2012	8.33	5,279	12,373.57	17,652.57
2013	8.33	5,722	11,931.19	17,653.19
2014	8.33	6,201	11,451.69	17,652.69
2015	8.33	6,721	10,932.05	17,653.05
2016	8.33	7,284	10,368.33	17,652.33
2017	8.33	7,894	9,758.43	17,652.43
2018	8.33	8,556	9,096.91	17,652.91
2019	8.33	9,273	8,379.92	17,652.92
2020	8.33	10,050	7,603.64	17,653.64
2021	8.33	10,892	6,760.65	17,652.65
2022	8.33	11,805	5,847.70	17,652.70
2023	8.33	12,794	4,853.64	17,652.64
2024	8.33	13,867	3,786.50	17,653.50
2025	8.33	15,029	2,624.45	17,653.45
2026	8.33	16,293	1,360.03	17,653.03
		200,757	488,933.48	689,690.48

WDA-5Y-PSD Sewer
(August 1985)

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at 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;

(iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.

3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

> That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the

event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

7. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

8. The Governmental Agency shall comply with the provisions of the Internal Revenue Code of 1986, as amended. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

(a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or $100,000;

(b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years of May 22, 1986;

(c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by May 1, 1989;

(d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds; and

(e) The Governmental Agency will comply with the provisions of the Internal Revenue Code of 1986, as amended, for which the effective date precedes the date of delivery of its Local Bond to the Authority.

WDA-Supp. 5
(October 1986)

RECEIVED
AUG 10 1987
WATER DEVELOPMENT AUTHORITY

SUPPLEMENTAL LOAN AGREEMENT

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

New Creek PSD

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all 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 construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, including supplemental, subordinate revenue bonds, issued by the Governmental Agency;

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

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

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental 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; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

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

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

1.4 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues

of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

1.5 "Supplemental Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Supplemental Bonds pursuant to this Supplemental Loan Agreement.

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

1.7 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

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 constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Supplemental Loan Agreement and of 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 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.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project

facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at 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 in respect of the System pursuant to the pertinent provisions of the Act.

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents 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.

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.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. 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 and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental Bonds is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency 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 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 agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

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

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(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 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") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other 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) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of

the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State,

the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan; Repayment of Supplemental Loan; No Interest on Supplemental Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Supplemental Loan, authorize the issuance of and issue the Supplemental Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

(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 the Supplemental Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds and on a parity with the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by bond proceeds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") or on the Supplemental Bonds in any year (the "Supplemental Reserve Requirement"), as the case may be, 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 the Supplemental Bonds and any such prior or parity obligations;

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

(iv) That 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 and Supplemental 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 Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds 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 Supplemental Bonds and parity bonds theretofore and then being issued and on the Local Bonds and any other obligations secured by or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental 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 any bond owner 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 Supplemental Bonds, the right to obtain the

appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

(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 and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(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 Supplemental Bonds, except any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided, that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

(xv) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

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, sale and delivery of the Supplemental 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 Supplemental 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 the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental 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.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority and shall include, but not be limited to, legal fees paid by the Authority.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Supplemental 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 Supplemental Loan, it has fixed

and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 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 and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, 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 so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Supplemental Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, 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 Supplemental Loan and receiving the Supplemental Bonds, the Authority shall have the right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan or the Supplemental 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 Loan Agreement or this Supplemental Loan Agreement.

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

ARTICLE VII

Miscellaneous

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

7.2 Schedule X shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Supplemental 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 Supplemental Loan Agreement, and this Supplemental Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Supplemental 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 Supplemental Loan Agreement.

7.5 No waiver by either party of any term or condition of this Supplemental 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 Supplemental Loan Agreement.

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

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

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

(ii) termination by the Authority pursuant to Section 6.2 hereof; or

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

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

New Creek Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By _____
Its Chairman

Attest:

Date: August 7, 1987

_____
Its Engineer

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By _____
Director

Attest:

Date: 08/13/87

_____
Secretary-Treasurer

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 49,243
Purchase Price of Supplemental Bonds	$ 49,243

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Supplemental Loan Agreement, the Supplemental Bonds are subordinate as to source of and security for payment to the following obligations, other than the Local Bonds:

NEW CREEK PSD
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
---------- 1986 SERIES A BONDS ----------

PERIOD ENDING 1041	ZERO COUPON BONDS
1987	.00
1988	.00
1989	1,295.92
1990	1,295.84
1991	1,295.84
1992	1,295.84
1993	1,295.84
1994	1,295.84
1995	1,295.84
1996	1,295.84
1997	1,295.84
1998	1,295.84
1999	1,295.84
2000	1,295.84
2001	1,295.84
2002	1,295.84
2003	1,295.84
2004	1,295.84
2005	1,295.84
2006	1,295.84
2007	1,295.84
2008	1,295.84
2009	1,295.84
2010	1,295.84
2011	1,295.84
2012	1,295.84
2013	1,295.84
2014	1,295.84
2015	1,295.84
2016	1,295.84
2017	1,295.84
2018	1,295.84
2019	1,295.84
2020	1,295.84
2021	1,295.84
2022	1,295.84
2023	1,295.84
2024	1,295.84
2025	1,295.84
2026	1,296.84
	49,243.00

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Supplemental Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) as prescribed by the Loan Agreement, to pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at 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) as prescribed by the Loan Agreement, 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;

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded

concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(v) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.

3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

> That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the

Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the net revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.

7. The paying agent for the Supplemental Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

STATE OF WEST VIRGINIA
PUBLIC SERVICE COMMISSION
CHARLESTON, 25305

September 1, 1981

CERTIFIED MAIL
RETURN RECIEPT REQUESTED

Robert C. Melody, Esq.
Rogers and Melody
PO Drawer R
Keyser, West Virginia 26726

Mr. George S. Evans
Star Rt. 1, Box 60
Keyser, West Virginia 26726

Mr. Carl Arnold
New Creek
West Virginia 26743

Mrs. Sue Gambini
New Creek
West Virginia 26743

Mr. Charles Laurin Swisher
New Creek
West Virginia 26743

Dear Mrs. Gambini and Gentlemen:

Re: Case No. 81-138-S-CN
New Creek Public Service District

Enclosed is a copy of the recommended order in the above styled case, pursuant to the requirements of West Virginia Code §24-1-9.

Please note carefully that if no exceptions are filed within the time period specified, this order will become the order of the Commission five (5) days following said time period, unless the order is stayed or postponed by the Commission.

If you have any questions concerning this or related matters, please feel free to contact the Hearing Examiner. Exceptions to this order should be filed with this Office.

Sincerely,

Howard M. Cunningham
Executive Secretary

6

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 1, 1981

CASE NO. 81-138-S-CN

NEW CREEK PUBLIC SERVICE DISTRICT,
a public utility, New Creek, Mineral
County.
Application for a certificate of
convenience and necessity to
extend its sanitary sewer
collection system, and for approval
of rates and charges.

HEARING EXAMINER'S DECISION

PROCEDURE

On March 26, 1981, New Creek Public Service District (District or Applicant), a public utility, New Creek, Mineral County, filed an application, duly verified, for a certificate of convenience and necessity to extend its sanitary sewer collection system in the New Creek area of Mineral County. By order entered September 13, 1979, a certificate of convenience and necessity to construct a waste water collection system within its jurisdictional boundries was issued to the New Creek Public Service District. (See Appendix A). Under authority of that certificate the District was to construct its plant facilities in two phases. The Phase I construction was completed in 1979 and currently services approximately 55 customers. The District comes before this Commission seeking approval of Phase II construction of its sanitary sewer collection system. Phase II, upon completion, will bring to over 300 the total customers served. The District proposes to construct 50,663 linear feet of 8-inch sewer line; 11,315 linear feet of 10-inch sewer line; 5,538 linear feet of 12-inch sewer line; and 1,658 linear feet of 15-inch sewer line as well as the necessary manholes with discharge to the New Creek Public Service District (Phase I) sewage collecting system and thence to the City of Keyser sewage collection and treatment facilities. The District requests approval of a customer service charge of $8.00 per month, plus a usage charge of $3.00 per 1,000 gallons of flow per month.

By order of this Commission entered May 7, 1981, this matter was set for hearing to be held in the Council Chambers, City Hall, Keyser, West Virginia, on June 22, 1981, at 1:30 p.m., EDST, at which time and

place the Applicant was to appear and prosecute said application. Leave was granted to any interested parties to file objections to said application at any time on or before said hearing date or at the hearing. Said order further directed that the Applicant give notice of the filing of said application and of the time and place of hearing thereon by publishing a copy of said order of May 7, 1981, in a newspaper published and of general circulation in the City of Keyser, Mineral County, once a week for two successive weeks, the first publication to be made not more than 30 days nor less than 15 days prior to the 22nd day of June, 1981, making due return thereof to the Commission on or before the day of the hearing.

Approximately 150 New Creek residents petitioned the Commission that the location of the hearing on this case be moved from Keyser to New Creek. Therefore, by order entered June 5, 1981, the Commission set this matter for hearing to be held in the Fire Hall, New Creek, West Virginia, on Thursday, June 25, 1981, at 6:00 p.m., EDST, at which time and place the Applicant was ordered to appear and prosecute said application. It was further ordered that the Secretary of the Commission give notice of the filing of said application and of the time and place of the rescheduled hearing by publishing a copy of said order in a newspaper published and of general circulation in the City of Keyser, Mineral County, at least twice between the date of said order and June 25, 1981.

The hearing was held as scheduled. The Applicant appeared by its proper official and represented by Robert C. Melody, Attorney at Law. The Commission's Staff was represented by Thornton Cooper, Legal Division; Jimmie Crider, Finance and Special Studies Division; and Robert L. Skiles, Jr., Engineering Division. The witnesses testifying for the applicant included Ralph L. Hartman, Treasurer of the New Creek Public Service District; William Pallavicini, Consulting Engineer, employed by John McNair and Associates; Robert Boyd, Loan Officer for the Farmers Home Administration; and Harold J. Snyder, Utility Consultant. A statement of protest was made by Charles Laurin Swisher. Approximately 95 protestants were present at the hearing and whose presence was duly registered. (Tr., p. 2). Protestants were given the opportunity and undertook to ask questions of the Applicant's witnesses. One hundred

and ninety-seven pages of testimony were taken in this matter. Testimony was taken and evidence introduced, at the close of which this matter was submitted for a Hearing Examiner's decision.

EVIDENCE AND FINDINGS OF FACT

At the beginning of the hearing, Mr. Melody, Attorney for the Applicant, moved that the Examiner consolidate the present application (Case No. 81-138-S-CN) with the Phase I application and certificate as issued on September 13, 1979. (Case No. 79-120-S-CN). This motion was made to eliminate the need of putting back into evidence testimony as to the public convenience and necessity, all of which Mr. Melody maintained were proven in the 1979 application and all of which were reflected by the evidence, exhibits, transcript, and order entered in that application. The position of the applicant is that the 1979 order granted a certificate of convenience and necessity to construct, operate, and maintain a waste water treatment system within the entire territorial boundries of the New Creek Public Service District. (Tr., p. 12). The order, as entered September 13, 1979, states "The applicant, New Creek Public Service District, a public utility, is hereby granted a certificate of convenience and necessity to construct, operate and maintain a waste water treatment system within its territorial boundries". (Appendix A, attached hereto). The 1979 order recognized that the plant which was the subject of the order therein was being built by stages and that additional construction would follow under the authority granted by that order. (Appendix A, p. 2). The Examiner therefore finds that the Phase II construction, subject of the application herein, is fully approved and authorized by the 1979 order and certificate of convenience and necessity.

Ralph L. Hartman, Treasurer of the New Creek Public Service District, reaffirmed the necessity for construction of Phase II of the New Creek sewer project. He testified that population and construction growth within the Keyser, West Virginia area will be to a great extent south, around the New Creek Valley. New Creek is soon to become the sole source of water supply for the City of Keyser as well as New Creek. (Tr., p. 17). He testified as to the potential health hazard that exists in the New Creek area, due to malfunctioning septic systems and the fear

that sewage flowing into New Creek could contaminate the Keyser water supply. (Tr., pp. 17, 18).

Mr. William Pallavicini, John McNair and Associates, testified that the Phase II system is gravity flow system. The system will not require pumping stations or building structures. (Tr., p. 43). He testified that the present population in New Creek of approximately 1500 persons would adequately be served, while the system is designed to serve 5,000 people. (Tr., p. 43). The flow from the New Creek Sewer System will flow into the Keyser Water Treatment Plant and Disposal. Mr. Pallavicini testified that there is a standing agreement between the City of Keyser and New Creek Public Service District whereby the Keyser facility will accept all flow from both Phase I and Phase II of the New Creek project. (Tr., pp. 53, 54). He testified that the Keyser Waste Water Facility is currently being upgraded, with an anticipated completion date of October 30, 1981, and will provide adequate capacity to process flow from both Phase I and Phase II of the New Creek project. (Tr., p. 54).

The total cost of Phase II is estimated at $3,723,000. (Applicant's Exhibit No. 1, p. 26; Appendix B). According to evidence introduced by the Applicant, the financing for Phase II will be composed of an Appalachian Regional Commission Grant of $163,500, an Appalachian Regional Hardship Grant of $393,500, an Environmental Protection Agency Grant of $2,289,900, a Water Development Authority (WDA) Grant of $163,500, and a Farmers Home Administration Loan of $550,000. (Appendix B; Applicant's Exhibit No. 1, p. 26). Upon initial review of New Creek's application by the Commission's Staff, questions were raised as to discrepancies between proposed financing of Phase II and letters of commitment contained in Applicant's Exhibit No. 1. (Applicant's Exhibit No. 1, pp. 30 through 33, p. 40). Robert L. Skiles, Jr., Division of Engineering, discussed these discrepancies in his memorandum of April 3, 1981, which was filed with the Commission on April 6, 1981. J. W. Crider, Finance and Special Studies Division, also pointed to these discrepancies in his memorandum of April 23, 1981, which was filed with the Commission on May 4, 1981. Robert C. Melody, Attorney for the applicant, filed with the Commission on April 24, 1981, a reply to Mr. Skiles' memorandum of April 6, 1981. In his memorandum of May 5, 1981, filed with the Commission on May 6,

1981, Mr. Skiles points out that Mr. Melody's letter of April 22, 1981, failed to adequately clear up, to his satisfaction, discrepancies which appeared to exist between proposed or anticipated grants, and those with which firm commitment existed. Mr. Skiles' concern was that project planning factors show a WDA Grant requirement totaling $163,500. (Applicant's Exhibit No. 1, p. 26). However, only $76,333 is committed by letter from WDA, which represents a difference of $87,617. (Applicant's Exhibit No. 1, p. 40). Also of concern was the WDA letter of October 26, 1979, which appears to make no firm offer of a hardship grant commitment. (Applicant's Exhibit No. 1, p. 30). The third point of concern was the EPA Step III Grant of $2,452,500 required, versus $2,289,990 actually committed. (Applicant's Exhibit No. 1, pp. 26 and 31). Mr. Melody's memo of April 22, 1981, apparently failed to clear up these discrepancies to the satisfaction of Mr. Skiles, who in his memorandum of May 6, 1981, suggests that the Applicant be prepared to clarify discrepancies and cost figures versus actual commitments at the hearing. The Commission Staff did not revive this concern by cross-examination at the hearing. However, Mr. Pallavicini, Consulting Engineer on the New Creek Public Service District Phase I and Phase II Projects, testified on direct examination that the District had obtained a grant from the Environmental Protection Agency for approximately 2.3 million dollars. He stated that this grant had been in hand for two years. He further stated that the District has a commitment from the Water Development Authority which traditionally finances 5% of the project. He further testified that the District has a commitment from the Appalachian Regional Commission for approximately $163,000. He went on to testify that the District has as much of a commitment as can be obtained from the Water Development Authority for a Hardship Grant, in the amount of $400,000. He stated that the Water Development Authority will not make a definite commitment at this point on a Hardship Grant until the project is bid. He further testified that the District has a loan application with the Farmers Home Administration for the local share, that being the portion of financing for which the District does not have grants, such sum being in the amount of $550,000, at 5% interest. (Tr., pp. 44, 45).

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

The Examiner finds that at the time of the hearing some discrepancies did in fact exist between project proposed financing and documented grant commitments and limitations imposed by the financing agencies. For example, Harold J. Snyder, Utility Consultant for the District, stated on direct examination that the ARC Grant of $163,500 has not been firmed, but that the District had strong assurances from the Governor's Office that it will be firmed in the immediate future. (Tr., p. 120). Robert Boyd, a Loan Officer for the Farmer's Home Administration and a witness for the District, stated, "due to the rates that are caused by the operating cost and debt payment, they think they will be eligible for $393,500 hardship grant from the West Virginia Water Development Authority." It is worth noting the time elapsed since initial funding commitments were made: the EPA Grant was made on June 22, 1979; the WDA Grant on August 8, 1979; and the WDA Hardship Grant Letter on October 26, 1979. Mr. Pallavicini stated that after the bids are let that the EPA Grant will be adjusted either upward or downward as required by the contract bids. (Tr., p. 196). The Examiner recognizes that grant funding is a step-by-step process, whereby commitments from agencies are often contingent upon approval of total project financing and commitments from other funding agencies. Mr. Pallavicini, in a telephone conversation with the Hearing Examiner on August 25, 1981, stated that the grants were firm and, in fact, had been committed for the project.

The Commission's Staff did not file an Audit Report on the New Creek Public Service District, in relation to this application, nor was testimony taken at the hearing regarding the financial operating status of the District. The Examiner must therefore rely upon the District's Rule 42 Exhibit and his own evaluation thereof. (Applicant's Exhibit No. 1; Appendix C, attached hereto). New Creek's going level adjusted income is $47.99. On completion of Phase II proforma net income will show a deficit of approximately $7,586. (Appendix C, attached hereto). New Creek's going level cash flow is shown to be $42.52. Proforma Cash Flow, upon completion of Phase II, is expected to show a $3,592 surplus. Upon completion of Phase II, Debt Service, including interest on long term debt and bond retirement, will be $32,412 annually. (Applicant's Exhibit No. 1; Appendix D, attached hereto). Long term debt will consist solely of repayment of the Farmers Home Administration loan of $550,000 at an

inte t rate of 5% which will be amortized over 38 years. The bond itself is a 40 year bond with the first 2 years consisting of interest only, which has been capitalized into the project. (Tr., pp. 104, 129; Applicant's Ex. No. 1, p. 11). The proposed financing includes interest during construction which is consistent with the principle that customers should only pay for the service they are receiving. It is the opinion of the Examiner that if grant financing is obtained as planned, and borrowing is limited to the $550,000 sought from the Farmers Home Administration, the New Creek Public Service District Phase II expansion project should function within the financial operating parameters as set forth in the Applicant's Exhibit No. 1. (See Appendix D, attached hereto).

Robert L. Skiles, Division of Engineering, in his memorandum of April 3, 1981, filed with the Commission on April 6, 1981, expressed concern over the selection of VCP and ACP Pipe for the proposed sewer lines in the Phase II Project. Mr. Skiles expressed his opinion in that memo that polyvinyl chloride (PVC) pipe is generally much cheaper and easier to install. At the hearing Mr. Pallavicini, the Phase II Consulting Engineer, stated that he had no objection to the use of PVC pipe in the Phase II Project. (Tr., p. 51).

The New Creek Public Service District Phase I Sewer Project presently has approximately 55 customers. For the Phase II Project to be feasible, the total Phase I and Phase II customer level, as required by Grant Agencies, is 301. At the date of the hearing 216 residents living in the Phase II area had signed up for sewer service. The total Phase I and Phase II customers committed to service at the time of the hearing was 271. There remains approximately 30 customers who must be signed before the Phase II Project may proceed. It is the opinion of the Examiner that as the Phase II Project nears the construction phase, the remaining 30 customers will easily be obtained.

New Creek Public Service District proposes a $25 sewer tap fee, which will be charged for the initial connection of each new customer to the sewer system, provided the customer subscribes to the sewer service prior to the commencement of construction on the project. After commencement of the construction of the Phase II Project a sewer tap fee of $450 is proposed. (Applicant's Exhibit No. 1, p. 23). At the hearing there was frequent concern expressed by residents of the area to be served by the Phase II Project. The $450 tap on fee was felt by protestants to be excessive and was viewed by some protestants as a method by

which the District unfairly encouraged residents of the Phase II area into early subscription; some residents otherwise opposed the Phase II Project, but merely signed up to take advantage of the $25 initial connection fee. (Tr., pp. 152, 153, and 171). Harold J. Snyder, Utility Consultant for the District, testified in support of the $450 tap fee to be charged after the letting of the construction contract. He testified that the proposed service connection charge is not excessive and is well below the engineer's estimated contract bid cost on sewer connections. He further expressed concern as to from where the District would obtain funds to pay for future tap costs. (Tr., pp. 139 to 141).

In connection with the construction contract cut-off day for the initial $25 tap fee, the Commission has said:

> "The applicant has provided in its rates and charges that no connection fee will be charged initial customers prior to the award of the construction contract and afterwards for a fee of $150, or the actual cost thereof. We feel that the use of their cut-off day of the awarding of the contract for the institution of a connection fee cannot be justified by cost considerations since the applicant would incur no additional cost in connecting a customer until after the completion of construction. Arbuckle Public Service District, W.Va. P.S.C. Case No. 8187, 62 ARPSCWV 877, (1975)."

> "Pursuant to Commission policy, a connection charge will be approved prior to the completion of construction adjacent to customer's property, rather than prior to the award of the construction contract, and after completion of construction adjacent to customer's property the connection charge should be $150. Mossy Public Service District, W.Va. P.S.C. Case No. 8874, 65 ARPSCWV, (1978)."

The Examiner therefore finds the policy of the Commission to be clearly expressed. An increased tap fee may be applied only after construction has passed the residence of a newly subscribing customer.

In regard to the charging of tap fees and at what level those fees should be set, the Commission has said:

> "Rule 21A of the Commission's rules and regulations for the government of water utilities prohibits utilities from charging tap fees. However, the Commission, in the past has on occasion allowed publicly-owned utilities to charge tap on fees in cases for the fear that failure to do so will result in a hardship on the utility. Town of Rupert, W.Va. P.S.C. Case No. 7805, 61 ARPSCWV 521, (1974)."

> "Rule 5.04 of the Commission's Rules and Regulations for the Government of Water Utilities clearly shows that it is the Commission policy for the burden of furnishing a service connection and meter to be upon the utility rather than a customer. This policy has been developed to assure widespread availability of sewer service to all customers. The utility is expected to recover the cost of an extension or hookup in the cost of service and rate of return allowed

by the Commission. Pikeview Public Service, Inc., W.Va. P.S.C. Case No. 9475, April (1979)."

"In reaching this conclusion we have not based our decision on any findings as to what is the actual cost of service connections. The bases for the allowance for connection fees set out above only applies to publicly-owned systems and such allowances being non-recurring expenses the same should not be included as an item of income to meet the increased operating expenses." Coon's Run Public Service District, W.Va. P.S.C. Case. No. 7683, 61 ARPSCWV 345, (1973)."

The Examiner therefore finds that the cost of future tap connections should not be based upon the actual cost to the Public Service District. The District's future financial security depends heavily upon anticipated development and construction. Excessively high tap fees have the potential of discouraging future development and by so doing threaten the financial success of this project.

The Commission has said of connection charges:

"Even though the cost of a connection to a Public Service District may be greater than $150, it is the policy of the Commission not to allow any greater fees. This figure represents a compromise between the Commission's policy of universal service and the potential financial hardship which could be felt by a public utility in carrying out this policy. Paint Creek Public Service District, Case. No. 9565, March (1979)."

However, in City of Romney, W.Va. P.S.C. Case No. 80514-S-MA, (December, 1980), the Commission, upon review of the Examiner's Decision, let stand a $200 tap fee charge. The Examiner therefore finds that in light of the Paint Creek Public Service District case being over two years of age and the Commission's action in the City of Romney case, an initial tap fee of $25, and a post-construction tap fee of $200 after construction has passed a customer's residence, is just and reasonable.

CONCLUSIONS OF LAW

The Examiner is of the opinion and therefore finds:

1. Evidence produced in Case No. 79-120-S-CN, in which the New Creek Public Service District sought and was awarded a certificate of convenience and necessity for both Phase I and II, and evidence produced on the application and hearing herein, all support the granting of authority to proceed with Phase II of the New Creek Public Service District sewer project.

2. The rates and charges under which the Applicant is presently operating are adequate to meet all of its obligations during the

construction of Phase II. (Applicant's Exhibit No. 1, pp. 20,21).

3. The rates and charges under which the Applicant is presently operating are just and reasonable in that they will produce sufficient annual revenue to allow the applicant to pay its operating and maintenance expenses.

4. With the exception of proposed tap fees, the increased rates and charges for sewer service, as submitted by the Applicant and to be implemented upon completion of the Phase II construction, are just and reasonable in that they will produce sufficient annual revenue to allow the Applicant to pay its operating and maintenance expenses, to service its debt, and to provide a reasonable surplus for contingencies. (Applicant's Exhibit No. 1).

5. The sewer tap fee of $25 to be charged for the initial connection of each new customer is just and reasonable. The $450 tap fee to be charged to customers after the commencement of construction is excessive and is not in compliance with Commission policy. The connection or tap fee should be reduced from $450 to $200 and should be charged only after construction has passed the residence or property of a customer.

ORDER

IT IS, THEREFORE, ORDERED that:

1. New Creek Public Service District is hereby granted authority to continue with its Phase II Sewer Project, subject to the conditions contained in the order herein.

2. During the interim construction period the rates and charges currently approved and filed with the Commission will remain in effect.

3. With the exception of the proposed tap fees or service connection charges, the rates and charges to be implemented by the New Creek Public Service District and as found in Applicant's Exhibit No. 1, pp. 22, 23, and 24 and as set forth in Appendix E, attached hereto, are hereby authorized and approved, to become effective upon completion of construction.

4. A sewer tap fee or service connection charge of $25 will be charged for the initial connection of each new customer up until the time that sewer construction actually passes the property or residence of the customer. After construction has passed said property or residence of a

customer, a sewer tap fee of $200 is hereby authorized and approved. (Appendix E, attached hereto).

5. The applicant shall file a proper tariff with the Commission setting forth the rates and charges hereby authorized and approved.

6. The New Creek Public Service District is to notify the Commission at the time the new rates are put into effect.

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 a Hearing Examiner'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 Hearing Examiner's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Arnold Weiford
Hearing Examiner

Appendix A

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 13, 1979

CASE NO. 79-120-S-CN

NEW CREEK PUBLIC SERVICE DISTRICT,
a public utility.
Application for a certificate of convenience and necessity to construct a wastewater collection system and provide sanitary sewer service at the New Creek Area of Mineral County.

HEARING EXAMINER'S RECOMMENDED DECISION

PROCEDURE

On April 6, 1979, New Creek Public Service District, a public utility, filed an application, duly verified, for a certificate of convenience and necessity to construct a wastewater collection system and for approval of rates and charges for furnishing sanitary sewer service in the New Creek area of Mineral County.

By order entered on June 14, 1979, this matter was set for hearing to be held in the Commission's Hearing Room at the Capitol in the City of Charleston on July 25, 1979, and the applicant was required to give notice of the filing of its application and of the time and place of hearing thereon by publishing a copy of said order once a week for two (2) successive weeks, the first publication to be made not more than thirty (30) days prior to July 25, 1979, in a newspaper published and of general circulation in Mineral County.

On June 25, 1979, Robert C. Melody, counsel for the New Creek Public Service District, requested the hearing be held in Mineral County instead of Kanawha County.

By order entered on June 27, 1979, the hearing originally scheduled to be held in Charleston on July 25, 1979, was cancelled and the matter involved herein set for hearing to be held in the Council Chambers, City Hall, Keyser, West Virginia, on July 26, 1979. The applicant was required to give notice of this hearing by publishing a copy of said order once a week for two (2) successive weeks, the first publication to be made not more than thirty (30) days prior to July 26, 1979, in a newspaper published and of general circulation in Mineral County.

Proper notice was given and the hearing was held as scheduled. The applicant appeared by its proper officials and by Robert C. Melody, Counsel

There were no protestants or intervenors present at the hearing. At the conclusion of the hearing the matter was submitted for decision.

EVIDENCE AND FINDINGS OF FACT

New Creek Public Service District, a public utility, (District), was duly created by the Mineral County Commission on July 9, 1974, for the purpose of constructing, operating and maintaining a wastewater collection system within the territorial boundaries of New Creek Magisterial District, excluding from the Public Service District all of that land and real estate as incorporated within the municipal boundary lines of the City of Keyser.

A prime consideration to the residents of New Creek Valley is protection of the quality of ground water and surface water, particularly New Creek which is the primary source of supply for the City of Keyser and adjacent area. (Tr., pp. 9-10). Most of the residences in the valley south of Keyser utilize individual septic tanks as a means of waste disposal. (Tr., p. 10). The soil is rocky but reasonably well drained and percolation rates are high. There is evidence that New Creek is being contaiminated from septic tank drainage and from direct raw sewage discharge. (Tr., p. 21).

The District proposes to tie into the existing Keyser system and have the wastewater generated in the New Creek area treated by the treatment facilities in Keyser, pursuant to the terms and conditions of an agreement executed on May 1, 1975, and as amended on July 31, 1979. (Applicant's Exhibit 3).

The plant is being built by stages and Phase I of the construction is complete and is waiting for approval of a certificate of convenience and necessity to begin operations. (Tr., p. 26). The cost of Phase I was $472,843, and was fully funded by Grants from the Environmental Protection Agency, West Virginia Water Development Authority and Department of Housing and Urban Development. (Tr., p. 31). The District has no long term debt.

At the hearing the applicant filed an addendum correcting Sheets Nos. 2, 3, 4, 23 and 28 of its original Rule 42 report filed with the Commission. Sheet 28 changes the rate schedule from the block rate to a unit rate.

The rates and charges as amended by the applicant would produce

operating revenues of $5,151.00 and operating revenue deductions in the amount of $4,846.99, leaving a net operating income of $304.01. Staff's proposed rates would produce operating revenues of $4,923.00, and operating revenue deductions of $4,402.00 and a net operating income of $521.00.

CONCLUSIONS OF LAW AND FINDINGS OF THE HEARING EXAMINER

1. Pollution of New Creek poses a serious threat to the public water supply of the City of Keyser and its service area.

2. Continued growth in the New Creek area without adequate sewerage facilities can only lead to a further deterioration of the quality of water supply.

3. Public convenience and necessity require the services for which certification is being sought in this proceeding, and a certificate of convenience and necessity should be granted.

4. The sewer treatment contract dated May 1, 1975, and as amended July 31, 1979, should be approved.

5. The rates and charges applied for and as hereinafter amended, should be authorized and approved.

ORDER

1. The applicant, New Creek Public Service District, a public utility, is hereby granted a certificate of convenience and necessity to construct, operate and maintain a wastewater treatment system within its territorial boundaries.

2. The sewage treatment contract dated May 1, 1975, and as amended July 31, 1979, executed by the City of Keyser, a municipal corporation, and the New Creek Public Service District, a public utility, is hereby approved.

3. The following rates and charges are hereby authorized and approved, to become effective on all bills for sewer service rendered when said service becomes available:

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial use.

RATES

Customer service charge $2.25 per month
Usage charge 75¢ per M Gallons used per month.

MINIMUM CHARGES

No bill for sewer service shall be rendered for less than Two Dollars and twenty-five cents ($2.25) per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the amount due. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

SERVICE CONNECTION CHARGE

Not applicable at this time.

UNMETERED OR FLAT RATE CHARGES

Where the water supply of a customer is not taken from the system of the New Creek Water Association, Inc., or where the water supply of a customer is not metered, the quanity of wastewater discharged into the sewer system shall be determined by the owner or occupant of the premises installing a water meter or other measuring device subject to the approval and periodic check by the district. Said meter or measuring device shall be furnished, installed and maintained by the owner or occupant of the premises.

PROHIBITED DISCHARGE

Discharge of downspouts, gutters or surface drainage shall be prohibited from entry into sanitary sewer lines of the District.

4. The applicant shall file a tariff with the Commission setting forth the rates and charges herein authorized and approved.

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

6. 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.

7. 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.

Arnold O. Weiford
Hearing Examiner

NEW CREEK PUBLIC SERVICE DISTRICT
CASE NO. 81-138-S-CN
PROJECT PLANNING FACTORS

The following estimates are to be used as a basis for project planning and must not be changed without prior approval of FmHA:

COLLECTION ONLY

	ARC Grant	Hardship Grant	EPA Grant	WDA Grant	FmHA Loan	Total
Accounting	300	700	4,600	300	600	6,500
Construction	138,700	334,200	2,072,700	138,500	315,900	3,000,000
Construction Contg.	4,600	11,000	69,800	4,600	10,000	100,000
Land and Rights	800	2,000	12,500	900	1,800	18,000
Legal Fees	900	2,100	14,000	900	2,100	20,000
Engineering Fees	15,800	37,900	240,500	15,800	34,500	344,500
Basic 185,000						
Insp. 150,000						
Spec. 9,500						
Bond Counsel	100	100	3,500	200	100	4,000
Interest	0	0	0	0	180,000	180,000
Project Contg.	2,300	5,500	34,900	2,300	5,000	50,000
TOTALS	$163,500	$393,500	$2,452,500	$163,500	$550,000	$3,723,000

RATES:

Sewer rates will be based on water usage. A customer service charge of $8.00 shall be made for all sewer users using from 0 to 999 gallons of water, an additional $3.00 will be charged for each 1,000 gallons of water used.

DELAYED PAYMENT PENALTY:

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

PUBLIC SERVICE COMMISSION

NEW CREEK PUBLIC SERVICE DISTRICT
CASE NO. 81-138-S-CN
STATEMENT OF NET INCOME
TWELVE MONTHS ENDED OCTOBER 31, 1980

Item	Reference Schedules	Per Books	Accounting Adjustments Dr	Accounting Adjustments Cr	Per Books Adjusted	Going-Level Adjustments	Going Level	Pro-Forma Adjustments	Pro-Forma
		$	$	$	$	$	$	$	$
Operating Revenues	1	3,719.56	-	-	3,719.56	1,741.45	5,461.01	77,839.99	83,301.00
Operating Revenue Deductions									
Operation and Maintenance expense	2	3,724.73	-	-	3,724.73	1,693.76	5,418.49	41,924.51	47,343.00
Depreciation and Amortization Allowance	3	-	-	-	-	-	-	11,178.00	11,178.00
Taxes Other than Income	4	-	-	-	-	-	-	863.00	863.00
Total Operating Revenue Deductions		3,724.73	-	-	3,724.73	1,693.76	5,418.49	53,965.51	59,384.00
Net Operating Income		(5.17)	-	-	(5.17)	47.99	42.52	23,874.48	23,917.00
Other Income	6	-	-	-	-	-	-	909.00	909.00
Other Income Deductions	7	-	-	-	-	-	-	32,412.00	32,412.00
Net Income (Deficit)		(5.17)	-	-	(5.17)	47.99	42.52	(7,628.52)	(7,586.00)

NEW CREEK PUBLIC SERVICE DISTRICT
CASE NO. 81-138-S-CN
CASH FLOW ANALYSIS
TWELVE MONTHS ENDED OCTOBER 31, 1980

	Per Books	Per Books Adjusted	Going Level	Pro-Forma
	$	$	$	$
Available Cash				
Operating Revenues	3,719.56	3,719.56	5,461.01	83,301
Other Income	-	-	-	909
Total Available Cash	3,719.56	3,719.56	5,461.01	84,210
Cash Requirements				
Operating Expenses	3,724.73	3,724.73	5,418.49	47,343
Other Taxes	-	-	-	863
Total Cash Requirements before Debt Service	3,724.73	3,724.73	5,418.49	48,206
Cash Available for Debt Service	(5.17)	(5.17)	42.52	36,004
Debt Service Requirements				
Interest on Long Term Debt and Bond Retirement	-	-	-	32,412
Total Debt Requirements	-	-	-	32,412
Surplus (Deficit)	(5.17)	(5.17)	42.52	3,592
Coverage Net				1.11

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

NEW CREEK PUBLIC SERV[illegible] DISTRICT
CASE NO. 81-138-S-CN
RATES

SCHEDULE NO. 1

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial use.

RATES

Customer service charge $8.00 per month.
Usage charge $3.00 per M gallons used per month.

MINIMUM CHARGE

No bill for sewer service shall be rendered for less than Eight Dollars ($8.00) per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the amount due. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

SERVICE CONNECTION CHARGE

A sewer tap fee of Twenty-Five Dollars ($25.00) will be charged for the initial connection of each new customer location to the sewer system, provided the application is made prior to construction passing the property or residence of the customer. After construction has passed said property or residence of a customer, a tap fee of Two Hundred Dollars ($200.00) will be charged.

UNMETERED OR FLAT CHARGES

Where the water supply of a customer is not taken from the system of the New Creek Water Association, Inc., or where the water supply of a customer is not metered, the quantity of wastewater discharged into the sewer system shall be determined by the owner or occupant of the premises installing a water meter or other measuring device subject to the approval and periodic check by the district. Said meter or measuring device shall be furnished, installed and maintained by the owner or occupant of the premises.

PROHIBITED DISCHARGE

Discharge of downspouts, gutters or surface drainage shall be prohibited from entry into sanitary sewer lines of the district.

SURCHARGE

Whenever a commercial or industrial sewer user's wastes have an usually high concentration of suspended solids or biochemical oxygen demand, or an unusually high chlorine demand, the sewage charges, calculated as hereinabove provided, shall be increased according to the following formulae:
(a) Suspended solids and biochemical oxygen demand

$$F = 1 + 0.15 \frac{0.75\ (SS - 275)}{275} + \frac{0.25\ (B.O.D. - 300)}{300}$$

dfd

Where:

F = Factor to apply to basic charge

SS = Suspended solids of particular wastes in ppm

B.O.D.= B.O.D. of particular wastes in parts per million (ppm)

(b) Chlorine Demand

Rc = 0.00355 Pc (C-5)

Where:

Rc = Surcharge rate for chlorine demand in cents per thousand gallons of wastes

Pc = Contract price of chlorine at City of Keyser Sewage Treatment Plant in cents per pound

C = Chlorine demand of particular wastes in ppm.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, at the Capitol in the City of Charleston on the 22nd day of February, 1982.

CASE NO. 81-138-S-CN

NEW CREEK PUBLIC SERVICE DISTRICT,
a public utility, New Creek,
Mineral County.
Application for a certificate of
convenience and necessity to extend
sanitary sewer collection system, and
for approval of rates and charges.

COMMISSION ORDER AFFIRMING
HEARING EXAMINER'S RECOMMENDED DECISION

On March 26, 1981, New Creek Public Service District (New Creek), a public utility, New Creek, Mineral County, filed an application, duly verified, for a certificate of convenience and necessity to extend its sanitary sewer collection system in the New Creek area of Mineral County. Approval of this proposed extension will allow New Creek to construct Phase 2 of its wastewater collection system which was certificated by order entered September 13, 1979 in Case No. 79-120-S-CN, New Creek Public Service District. The September 13, 1979 order in Case No. 79-120-S-CN authorized New Creek to "construct, operate and maintain a wastewater treatment system within its territorial boundaries." Under authority of that certificate, New Creek completed construction of Phase 1 of its its project in 1979.

On September 1, 1981, in this proceeding, Hearing Examiner Arnold O. Weiford authorized New Creek to continue with construction of its wastewater collection system by authorizing construction of Phase 2 of the project. In the September 1, 1981 order, the examiner consolidated Case No. 81-138-S-CN with Case No. 79-120-S-CN so as to eliminate the burden on the District of resubmitting into evidence testimony as to the public convenience and necessity of this project, which evidence was presented in Case No. 79-120-S-CN. The examiner further approved an increase in sewer rates to be charged only after completion of construction of Phase 2.

On September 9, 1981, several residents of New Creek Valley filed exceptions to the hearing examiner's recommended decision, alleging that

the examiner erred with respect to the following points: (1) The rates approved by the examiner are unjust and unreasonable in that they are too high; (2) the customers served by Phase 1 of this project had no notice as to the increased rates and charges approved by this proceeding; (3) the examiner approved discriminatory rates, in that Phase 2 customers must pay connection fees whereas Phase 1 customers were never charged such connection fees; (4) the examiner's finding that the proposed project is necessary is unsupported by the record; (5) the rates approved by the examiner constitute the highest rates for sewage service in the State of West Virginia; (6) New Creek used duress to sign up customers to be served by Phase 2 of this project by threatening them with high connection fees and by misrepresenting to the customers the average bills to be charged for such sewerage service; (7) New Creek failed to hold public meetings and explain the proposed fees and rates; (8) the rates and charges approved by the examiner will curtail the building of new homes in the New Creek area due to the high combined sewage and water rates; and (9) the examiner was biased in his decision. These protestants requested that the Commission hold additional hearings in this matter. The Commission also received several letters of protest from other residents in the New Creek area in which the residents allege that the rates approved by the examiner are excessive. For the purpose of reviewing the hearing examiner's order, we will consolidate all of these protests and address the issues raised therein in this order.

On September 25, 1981 New Creek filed its response to these exceptions, generally supporting the examiner's recommended decision. In its response, New Creek indicated that it was actively pursuing additional sources of funding in an attempt to lower the rates approved by the examiner.

COMMENTS

In ruling on exceptions, the Commission has adopted a policy that it will not revise, modify, or reverse a hearing examiner's recommended decision unless the decision is (a) contrary to the evidence; (b) unsupported by the evidence; (c) arbitrary; (d) based on a mistake of law; (e) based on a misapplication of legal principles; or (f) contrary to lawful Commission practice or policy (Mac's Wrecker

Service, Inc., M.C. Case No. 3358, December 13, 1979 and Washington Oil Company, Case No. 80-210-G-X, February 25, 1981. After reviewing the evidence in this case, we believe that the hearing examiner's recommended decision entered in this case does not meet any of these requirements and should, therefore, be affirmed.

The major thrust of the exceptions and letters of protest filed in this case reveal that the protestants' major concern involves the rates approved by the hearing examiner. The hearing examiner approved an $8.00 per month customer charge and a $3.00 per thousand gallons used per month usage charge for sewer service rendered after completion of Phase 2. We believe that these rates are within the zone of reasonableness and find no error in the examiner's decision on this issue. All other issues raised by the protestants in their exceptions and letters of protest have already been considered by the examiner or contain allegations which are unsupported by the record. We, therefore, believe that the hearing examiner's recommended decision should be affirmed.

In its response to the protestants' exceptions and letters of protest, New Creek Public Service District indicated that it was diligently attempting to find additional sources of funding in order that it might further reduce the rates approved by the examiner. We find these actions praiseworthy and encourage New Creek to diligently work toward finding such additional sources of funding, if any. Should New Creek be able to obtain additional sources of funding, it should immediately contact this Commission, in order that the Commission may review the rate schedule approved by the hearing examiner and affirmed by this order.

FINDING OF FACT

In their exceptions, the protestants have set forth no new facts or issues which have not already been considered by the examiner in his recommended decision.

CONCLUSIONS OF LAW

The protestants have raised no new arguments which would require a reversal of the hearing examiner's recommended decision. New Creek's proposal to work toward finding additional sources of funding for this

project is reasonable. We hereby encourage New Creek to seek these additional sources of funding and to immediately inform this Commission of any changes that it is able to obtain in its financing package. On the basis of these principles, and the evidence set forth in the record of this case, we believe that the hearing examiner's recommended decision, entered in this case on September 1, 1981 should be, and hereby is, affirmed and adopted as the Commission's Final Order in this proceeding.

IT IS SO ORDERED.

A TRUE COPY

TESTE:

HOWARD M. CUNNINGHAM,
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: August 5, 1987

CASE NO. 87-197-S-PC

NEW CREEK PUBLIC SERVICE DISTRICT,
New Creek, Mineral County.
Request for approval of change in financing.

ORDER APPROVING CHANGE IN FINANCING

On March 26, 1981, New Creek Public Service District (District), a public utility, New Creek, Mineral County, filed an application for a certificate of convenience and necessity to extend its sanitary sewer collection system in the New Creek area of Mineral County. This application was processed as Commission Case No. 81-138-S-CN, which covered Phase II of the District's overall project. Phase I of its construction project was completed in 1979. Phase II consisted of the construction of 50,663 linear feet of 8-inch sewer line; 11,315 linear feet of 10-inch sewer line; 5,538 linear feet of 12-inch sewer line; and, 1,658 linear feet of 15-inch sewer line, as well as the necessary manholes with discharge to the District's sewage collection system, and ultimate treatment by the City of Keyser.

Testimony taken at the hearing held in the District's certificate application indicated that the total project cost for Phase II was expected to be $3,723,000. The financing was to be composed of an Appalachian Regional Commission Grant of $163,500, an Appalachian Regional Hardship Grant of $393,500, and an Environment Protection Agency Grant of $2,289,900, a Water Development Authority (WDA) Grant of $163,500 and a Farmers Home Administration Loan of $550,000. By Hearing Examiner's

Decision entered September 1, 1981, the District was granted a certificate of convenience and necessity authorizing construction of Phase II of its overall proposed project. Phase II was designed to provide sanitary sewage service to an additional 300 customers.

On March 21, 1987, the Commission received a letter from Ralph L. Hartman, Chairman of the New Creek Public Service District, regarding Phase II of the District's sewer project, which was approved by the aforementioned order. Mr. Hartman stated in his letter that additional funds would be necessary to allow the District to complete its project. It is requesting Commission approval to allow it to receive grant monies and borrow additional funds. Pursuant to standard Commission policy, this request was submitted to the Commission's various operating divisions for their additional review and recommendations. Staff requested certain information of the District and made an independent investigation, including the proposed funding sources.

Staff's final recommendations are contained in its Joint Staff Memorandum dated August 3, 1987. Staff states that the District is requesting authority to issue a $250,000 Bond Issue and accept a grant of $204,000, which will be added to $220,000, of cash on hand, to meet the final project costs of $653,250. The grant will come as a Hardship Grant from the Water Development Authority, who will also handle the Bond Issue. There will be no change in rates necessary and the District's present rates will still provide debt service coverage of 118% with a surplus of $4,374 after completion of the project. Staff recommends that the District's request be granted.

Upon consideration of all the foregoing and all matters contained in the case file, the Administrative Law Judge is of the opinion, finds and

concludes that the request of the New Creek Public Service District for approval of its request to increase proposed financing for its previously approved project in the amount of $653,250, which is to be made up by the proceeds of a Bond Issuance of $250,000 and the acceptance of a $204,000 Hardship Grant from WDA in addition to which it will supply $220,000 of cash on hand, is reasonable and should be approved herein. The ALJ is further of the opinion and finds that further public notice is unnecessary as no change in rates will be necessary and further because this is the completion of a project which has previously been approved by this Commission after public notice and hearing thereon.

IT IS, THEREFORE, ORDERED that the request of the New Creek Public Service District, a public utility, to allow it to receive the proceeds of a $250,000 Bond Issuance and acceptance of a $204,000 Hardship Grant from the Water Development Authority to which it will apply an additional $220,000 of cash on hand, is reasonable and is therefore approved for use by the District in completing the project which was originally approved by this Commission in Case No. 81-138-S-CN.

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

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Administrative Law Judges as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission ALJs to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and

which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.

Mark T. Aliff
Administrative Law Judge

MTA:mal

NEW CREEK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and RALPH L. HARTMAN, Chairman of the public service board of the New Creek Public Service District (the "Issuer"), hereby certify as follows:

1. On the 17th day of August, 1987, the Authority received the entire original issue of $250,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated August 17, 1987, the Series 1987 A Bond being in the principal amount of $200,757 and the Series 1987 B Bond being in the principal amount of $49,243.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Ralph L. Hartman, as Chairman of the public service board of the Issuer, by his manual signature, and by Charles D. Fleming, as Secretary of the public service board of the Issuer, by his manual signature, 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 proceeds of the Series 1987 A Bonds in the aggregate amount of $200,757 and the proceeds of the Series 1987 B Bonds in the aggregate amount of $49,243 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and NEW CREEK PUBLIC SERVICE DISTRICT has caused this receipt to be executed and delivered by the Chairman of its public service board, as of this 17th day of August, 1987.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By _____
Secretary-Treasurer

NEW CREEK PUBLIC SERVICE DISTRICT

By _____
Chairman, Public Service Board

08/13/87
NCPSD1-C

NEW CREEK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Kanawha Valley Bank, National Association
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of New Creek Public Service District Sewer Revenue Bonds, Series 1987 A, in the principal amount of $200,757 and Bond No. BR-1, constituting the entire original issue of the New Creek Public Service District Sewer Revenue Bonds, Series 1987 B, in the principal amount of $49,243 both dated August 17, 1987 (collectively, the "Bonds"), executed by the Chairman and Secretary of the public service board of New Creek Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Resolution and Supplemental Resolution duly adopted by the Issuer (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Bond issue, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated August 7, 1987, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement");

(4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and 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 $250,000, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds

to be authenticated by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 17th day of August, 1987.

NEW CREEK PUBLIC SERVICE DISTRICT

By _____
Chairman, Public Service Board

08/13/87
NCPSD1-D

(SPECIMEN BOND - SERIES 1987 A)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW CREEK PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1987 A

No. AR-1 $200,757

KNOW ALL MEN BY THESE PRESENTS: That NEW CREEK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mineral 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 TWO HUNDRED THOUSAND SEVEN HUNDRED FIFTY-SEVEN DOLLARS ($200,757), 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 rate 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 October 1, 1987. 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 Kanawha 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 August 7, 1987.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage system 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 hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on August 11, 1987 (collectively called 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 contemporaneously with the Sewer Revenue Bonds, Series 1987 B, of the Issuer (the "Series 1987 B Bonds"), issued in the aggregate principal amount of $49,243, which Series 1987 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS ON PARITY WITH RESPECT TO LIEN AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S OUTSTANDING SEWER REVENUE BONDS, SERIES 1984, DATED JUNE 27, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000.

This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System (as such terms are defined in the Bond Legislation), moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1987 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 1987 A Bonds Reserve Account and unexpended Bond proceeds. 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 amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1987 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1987 B Bonds, provided however, that so long as there exists in the Series 1987 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 any year, and in the respective reserve accounts established for the Series 1987 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

Subject to 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, shall be applied solely to the payment of the Costs of the Project 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 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 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, NEW CREEK PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated August 17, 1987.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: August 17, 1987

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	SERVICE
1987	8.38		2,056.21	2,056.21
1988	8.38		16,823.52	16,823.52
1989	8.38	829	16,823.52	17,652.52
1990	8.38	899	16,754.05	17,653.05
1991	8.38	974	16,678.71	17,652.71
1992	8.38	1,056	16,597.09	17,653.09
1993	8.38	1,144	16,508.60	17,652.60
1994	8.38	1,240	16,412.73	17,652.73
1995	8.38	1,344	16,308.82	17,652.82
1996	8.38	1,457	16,196.19	17,653.19
1997	8.38	1,579	16,074.10	17,653.10
1998	8.38	1,711	15,941.78	17,652.78
1999	8.38	1,855	15,798.40	17,653.40
2000	8.38	2,010	15,642.95	17,652.95
2001	8.38	2,178	15,474.51	17,652.51
2002	8.38	2,361	15,291.99	17,652.99
2003	8.38	2,559	15,094.14	17,653.14
2004	8.38	2,773	14,879.70	17,652.70
2005	8.38	3,006	14,647.32	17,653.32
2006	8.38	3,258	14,395.42	17,653.42
2007	8.38	3,530	14,122.40	17,652.40
2008	8.38	3,826	13,826.58	17,652.58
2009	8.38	4,147	13,505.96	17,652.96
2010	8.38	4,495	13,158.44	17,653.44
2011	8.38	4,871	12,781.76	17,652.76
2012	8.38	5,279	12,373.57	17,652.57
2013	8.38	5,722	11,931.19	17,653.19
2014	8.38	6,201	11,451.69	17,652.69
2015	8.38	6,721	10,932.05	17,653.05
2016	8.38	7,284	10,368.83	17,652.83
2017	8.38	7,894	9,758.43	17,652.43
2018	8.38	8,556	9,096.91	17,652.91
2019	8.38	9,273	8,379.92	17,652.92
2020	8.38	10,050	7,602.84	17,652.84
2021	8.38	10,892	6,760.65	17,653.65
2022	8.38	11,805	5,847.90	17,652.90
2023	8.38	12,794	4,858.64	17,652.64
2024	8.38	13,867	3,786.50	17,653.50
2025	8.38	15,029	2,624.45	17,653.45
2026	8.38	16,288	1,365.62	17,653.62
		200,757	488,933.48	689,690.48

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	SERVICE
1987	8.38		2,056.21	2,056.21
1988	8.38		16,823.52	16,823.52
1989	8.38	829	16,823.52	17,652.52
1990	8.38	899	16,754.05	17,653.05
1991	8.38	974	16,678.71	17,652.71
1992	8.38	1,056	16,597.09	17,653.09
1993	8.38	1,144	16,508.60	17,652.60
1994	8.38	1,240	16,412.73	17,652.73
1995	8.38	1,344	16,308.82	17,652.82
1996	8.38	1,457	16,196.19	17,653.19
1997	8.38	1,579	16,074.10	17,653.10
1998	8.38	1,711	15,941.78	17,652.78
1999	8.38	1,855	15,798.40	17,653.40
2000	8.38	2,010	15,642.95	17,652.95
2001	8.38	2,178	15,474.51	17,652.51
2002	8.38	2,361	15,291.99	17,652.99
2003	8.38	2,559	15,094.14	17,653.14
2004	8.38	2,773	14,879.70	17,652.70
2005	8.38	3,006	14,647.32	17,653.32
2006	8.38	3,258	14,395.42	17,653.42
2007	8.38	3,530	14,122.40	17,652.40
2008	8.38	3,826	13,826.53	17,652.53
2009	8.38	4,147	13,505.96	17,652.96
2010	8.38	4,495	13,158.44	17,653.44
2011	8.38	4,871	12,781.76	17,652.76
2012	8.38	5,279	12,373.57	17,652.57
2013	8.38	5,722	11,931.19	17,653.19
2014	8.38	6,201	11,451.69	17,652.69
2015	8.38	6,721	10,932.05	17,653.05
2016	8.38	7,284	10,368.83	17,652.83
2017	8.38	7,894	9,758.43	17,652.43
2018	8.38	8,556	9,096.91	17,652.91
2019	8.38	9,273	8,379.92	17,652.92
2020	8.38	10,050	7,602.84	17,652.84
2021	8.38	10,892	6,760.65	17,652.65
2022	8.38	11,805	5,847.90	17,653.90
2023	8.38	12,794	4,858.64	17,652.64
2024	8.38	13,867	3,786.50	17,653.50
2025	8.38	15,029	2,624.45	17,653.45
2026	8.38	16,288	1,365.02	17,653.02
		200,757	488,933.43	689,690.48

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:

_____

08/12/87
NCPSD1-R

(SPECIMEN BOND - SERIES 1987 B)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW CREEK PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1987 B

No. BR-1 $49,243

KNOW ALL MEN BY THESE PRESENTS: That NEW CREEK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mineral 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 FORTY-NINE THOUSAND TWO HUNDRED FORTY-THREE DOLLARS ($49,243), in annual 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, without 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated August 7, 1987.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage system 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 hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on August 11, 1987 (collectively called 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 JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1984, OF THE ISSUER, DATED JUNE 27, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000, AND THE SEWER REVENUE BONDS, SERIES 1987 A, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,757 OF THE ISSUER, ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System (as such terms are defined in the Bond Legislation) after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1987 A Bonds and the Sewer Revenue Bonds, Series 1984, both herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1987 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, except from said special fund provided from the Net Revenues, the moneys in the Series 1987 B Bonds Reserve Account and unexpended Bond proceeds. 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 amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1987 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1987 B Bonds Reserve Account and the reserve account established for the Series 1987 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1987 A Bonds in any

year, and any reserve account for any such prior or parity obligations is funded at least at 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 Kanawha 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as 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, shall be applied solely to the payment of the Costs of the Project 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 owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1987 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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, NEW CREEK PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated August 17, 1987.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: August 17, 1987

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

PERIOD ENDING 10/1	ZERO COUPON BONDS
1987	.00
1988	.00
1989	1,295.92
1990	1,295.84
1991	1,295.84
1992	1,295.84
1993	1,295.84
1994	1,295.84
1995	1,295.84
1996	1,295.84
1997	1,295.84
1998	1,295.84
1999	1,295.84
2000	1,295.84
2001	1,295.84
2002	1,295.84
2003	1,295.84
2004	1,295.84
2005	1,295.84
2006	1,295.84
2007	1,295.84
2008	1,295.84
2009	1,295.84
2010	1,295.84
2011	1,295.84
2012	1,295.84
2013	1,295.84
2014	1,295.84
2015	1,295.84
2016	1,295.84
2017	1,295.84
2018	1,295.84
2019	1,295.84
2020	1,295.84
2021	1,295.84
2022	1,295.84
2023	1,295.84
2024	1,295.84
2025	1,295.84
2026	1,296.84
	49,243.00

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

08/13/87
NCPSD1-S

STEPTOE & JOHNSON
ATTORNEYS AT LAW
SIXTH FLOOR
UNION NATIONAL CENTER EAST
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
TELECOPIER (304) 624-8183

CHARLESTON OFFICE
715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326
(304) 342-2191
TELECOPIER (304) 342-0726

CLARKSBURG
RALPH BOHANNON
ERNEST C. SWIGER
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND
RANDALL C. LIGHT
RICHARD M. YURKO, JR.
GARY W. NICKERSON
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI

CHARLESTON
CHARLES W. YEAGER
CARL F. STUCKY, JR.
OTIS L. O'CONNOR
WAYNE A. SINCLAIR
JAMES R. WATSON
DANIEL R. SCHUDA
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
CHRISTOPHER P. BASTIEN
STEVEN P. McGOWAN
MARTIN R. SMITH, JR.
W. RANDOLPH FIFE

OF COUNSEL
ROBERT W. LAWSON, JR.

WRITER'S DIRECT DIAL NUMBER

August 17, 1987

New Creek Public Service District
Sewer Revenue Bonds, Series 1987 A

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We have acted as bond counsel in connection with the issuance by New Creek Public Service District (the "Issuer"), a public corporation and political subdivision organized and existing under the laws of the State of West Virginia, of $200,757 Sewer Revenue Bonds, Series 1987 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 7, 1987, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1987, at the rate of 8.38% per annum, and with principal installments payable on October 1 in each of the years 1989 through 2026, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local 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 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage system of

11

the Issuer (the "Project"); (ii) funding a reserve account for the Local Bonds; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Issuer on August 11, 1987, as supplemented by a supplemental resolution also adopted on August 11, 1987 (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 that 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, under existing law, as follows:

1. The Issuer is a duly organized and validly existing public corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

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

3. The Local Act and all other necessary resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the net revenues of said System, on a parity, however, with respect to lien and sources of and security for payment with the Issuer's outstanding Sewer Revenue Bonds, Series 1984, dated June 27, 1984, issued in the original aggregate principal amount of $550,000 (the "1984 Bonds"), all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Local Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be so included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

6. The Local Bonds are, under the Local Statute, exempt from all taxation by the State of West Virginia and the other taxing bodies of the State and the interest on the Local Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

7. The Final Order of the Public Service Commission of West Virginia entered August 5, 1987 (Case No. 87-197-S-PC) approving the proposed financing is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or any other person who was not a party to the original application. We have received written notification by the Public Service Commission Staff and the Issuer that neither intends to appeal such order. The Public Service Commission of West Virginia entered an order on September 1, 1981 (Case No. 81-138-S-CN) granting to the Issuer a Certificate of Convenience and Necessity and approving the Issuer's sewer rates and charges.

It is to be understood that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

08/13/87
NCPSD1-E

STEPTOE & JOHNSON
ATTORNEYS AT LAW
SIXTH FLOOR
UNION NATIONAL CENTER EAST
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
TELECOPIER (304) 624-8183

CHARLESTON OFFICE
715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326
(304) 342-2191
TELECOPIER (304) 342-0726

CLARKSBURG
RALPH BOHANNON
ERNEST C. SWIGER
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND
RANDALL C. LIGHT
RICHARD M. YURKO, JR.
GARY W. NICKERSON
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI

CHARLESTON
CHARLES W. YEAGER
CARL F. STUCKY, JR.
OTIS L. O'CONNOR
WAYNE A. SINCLAIR
JAMES R. WATSON
DANIEL R. SCHUDA
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
CHRISTOPHER P. BASTIEN
STEVEN P. McGOWAN
MARTIN R. SMITH, JR.
W. RANDOLPH FIFE

OF COUNSEL
ROBERT W. LAWSON, JR.

WRITER'S DIRECT DIAL NUMBER

August 17, 1987

New Creek Public Service District
Sewer Revenue Bonds, Series 1987 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We have acted as bond counsel in connection with the issuance by New Creek Public Service District (the "Issuer"), a public corporation and political subdivision organized and existing under the laws of the State of West Virginia of $49,243 Sewer Revenue Bonds, Series 1987 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated August 7, 1987, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1989 through 2026, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated August 7, 1987, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1987 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith, and to

the Issuer's outstanding Sewer Revenue Bonds, Series 1984, dated June 27, 1984, issued in the original aggregate principal amount of $550,000.

The Supplemental Bonds are issued, together with the Local Bonds, 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 Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Supplemental Bonds; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Issuer on August 11, 1987, as supplemented by a supplemental resolution also adopted August 11, 1987 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental 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 Supplemental Loan Agreement.

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 organized and validly existing public corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

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

3. The Local Act and all other necessary resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge of the net revenues of said System, junior and subordinate only to that created for the Local Bonds and the 1984 Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

5. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

6. The Supplemental Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Final Order of the Public Service Commission of West Virginia entered August 5, 1987 (Case No. 87-197-S-PC) approving the proposed financing is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or any other person who was not a party to the original application. We have received written notification by the Public Service Commission Staff and the Issuer that neither intends to appeal such order. The Public Service Commission of West Virginia entered an order on September 1, 1981 (Case No. 81-138-S-CN) granting to the Issuer a Certificate of Convenience and Necessity and approving the Issuer's sewer rates and charges.

It is to be understood that the rights of the holders of the Supplemental Bonds and the enforceability of the Supplemental Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

08/13/87
NCPSD1-F

STEPTOE & JOHNSON
ATTORNEYS AT LAW
SIXTH FLOOR
UNION NATIONAL CENTER EAST
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
TELECOPIER (304) 624-8183

CHARLESTON OFFICE
715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326
(304) 342-2191
TELECOPIER (304) 342-0726

CLARKSBURG
RALPH BOHANNON
ERNEST C. SWIGER
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND
RANDALL C. LIGHT
RICHARD M. YURKO, JR.
GARY W. NICKERSON
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI

CHARLESTON
CHARLES W. YEAGER
CARL F. STUCKY, JR.
OTIS L. O'CONNOR
WAYNE A. SINCLAIR
JAMES R. WATSON
DANIEL R. SCHUDA
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
CHRISTOPHER P. BASTIEN
STEVEN P. McGOWAN
MARTIN R. SMITH, JR.
W. RANDOLPH FIFE

OF COUNSEL
ROBERT W. LAWSON, JR.

WRITER'S DIRECT DIAL NUMBER

August 17, 1987

New Creek Public Service District
Sewer Revenue Bonds, Series 1987 A

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of $200,757 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A (the "Local Bonds"), of New Creek Public Service District (the "Issuer"), and a Certificate as to Arbitrage executed by the Chairman of the public service board of the Issuer on this date.

Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986 (the "Code") to support the conclusion that the Local Bonds are not "arbitrage bonds" as therein defined. No matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined.

The opinion set forth above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to arbitrage that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to

be so included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

08/13/87
NCPSD1-G

ROGERS AND MELODY
ATTORNEYS AT LAW
130 NORTH MAIN STREET
P. O. DRAWER R
KEYSER, WEST VIRGINIA 26726

JOHN I. ROGERS II
ROBERT C. MELODY

AREA CODE 304
TELEPHONE 788-3811
AREA CODE 301
TELEPHONE 786-4388

August 17, 1987

New Creek Public Service District
Sewer Revenue Bonds
Series 1987 A and Series 1987 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26301

Gentlemen:

We are counsel to New Creek Public Service District, a public service district, in Mineral County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated August 7, 1987, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined herein) and other documents relating to the above-captioned Bonds to the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

We are of the opinion that:

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

2. The members and officers of the public service board of the Issuer have been duly 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 Local Act has been duly adopted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, 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 agreement or other instrument to

which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges, including without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The time for appeal of the order of the Public Service Commission of West Virginia approving the issuance of the Bonds has not expired prior to the date hereof. However, the Public Service Commission staff has stated in a letter dated August 6, 1987, that it does not intend to appeal such Order and that there are no other parties of record in the case.

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

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

Very truly yours,

Robert C. Melody

RCM/cff

NEW CREEK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

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. GRANTS, ETC.
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the public service board of New Creek Public Service District in Mineral County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the $250,000 aggregate principal amount of the New Creek Public Service District Sewer Revenue Bonds, Series 1987 A and Series 1987 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer adopted August 11, 1987, and a Supplemental Resolution also adopted August 11, 1987 (collectively, the "Local Act").

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, construction of the Project, operation of the System, receipt of the Grant Receipts or the Gross 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 moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, construction of the Project, operation of the System, receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official 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 and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. There are outstanding debt obligations of the Issuer, which are secured by revenues or assets of the System on a parity with the Series 1987 A Bonds and senior and prior to the Series 1987 B Bonds, being the Issuer's Sewer Revenue Bonds, Series 1984, dated June 27, 1984, and issued in the original aggregate principal amount of $550,000 (the "1984 Bonds"). The Issuer has complied with all requirements of the resolution or resolutions authorizing issuance of the 1984 Bonds for issuance of the Bonds and is in compliance with the terms thereof and the terms of the 1984 Bonds. The consent of the purchaser of the 1984 Bonds to the issuance of the Bonds remains in full force and effect on the date hereof and the Reserve Fund established in connection with the 1984 Bonds is funded to the requirement therefor.

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

Order of County Commission creating Public Service District.

Orders of County Commission appointing current members to Public Service Board.

Certified copies of oaths of office of current members of Public Service Board.

Rules of Procedure of Public Service Board.

Affidavit of Publication of Notice of Borrowing and Filing of PSC Application.

Bond Resolution.

Supplemental Resolution.

Minutes of 1987 Organizational Meeting and Adoption of Bond Resolution and Supplemental Bond Resolution.

Loan Agreement.

Water Development Authority Grant Agreement.

Sewage Treatment Agreement with City of Keyser.

Public Service Commission Orders entered September 1, 1981, and August 5, 1987.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "New Creek Public Service District" and it is a public service district duly created by The County Commission of Mineral County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 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
Ralph L. Hartman	July 1, 1982	June 30, 1988
Charles D. Fleming	July 1, 1978	June 30, 1990
Jack Sanders	July 1, 1980	June 30, 1992

The names of the duly elected, qualified and acting members of the Public Service Board of the Issuer for the calendar year 1987 are as follows:

Chairman	-	Ralph L. Hartman
Secretary	-	Charles D. Fleming
Treasurer	-	Jack Sanders

The duly appointed and acting Counsel for the Issuer is Robert C. Melody of Keyser, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the construction, acquisition, operation and financing of the Project or 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 Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

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 Local Act. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

10. GRANTS, ETC.: As of the date hereof, the WDA has committed to the Issuer the approximate amount of $204,000. Said commitment of WDA is as of this date is still in force and effect. All funds of the Issuer to be used to pay the Project costs are lawfully available therefor.

11. 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; and (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.

12. RATES: The Issuer has received a Final Order of the Public Service Commission of West Virginia entered September 1, 1981, granting a certificate of convenience and necessity for the Project and approving rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The Issuer has received a Final Order of the Public Service Commission of West Virginia entered August 5, 1987, approving the proposed financing. The time for appeal of such Final Order dated August 5, 1987, has not expired prior to the date hereof. However, the Issuer has received a letter from the Public Service Commission staff dated August 6, 1987, to the effect that it does not intend to appeal such Final Order dated August 5, 1987. Furthermore, the Issuer will not appeal such Final Order dated August 5, 1987.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, all dated August 17, 1987, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be imprinted upon each of said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed purchase price of the Bonds, being $250,000 (100% of par value), there being no interest accrued thereon.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published any required notice with respect to the acquisition and construction of the Project, anticipated user rates and charges, issuance of the Bonds and filing of a formal application for a certificate of 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. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and

continued tax-exempt status of the Bonds. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public, all within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

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

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

19. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

WITNESS our signatures and the official seal of NEW CREEK PUBLIC SERVICE DISTRICT on this 17th day of August, 1987.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to Issuer

08/12/87
NCPSD1-I

NEW CREEK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1987 A

CERTIFICATE AS TO ARBITRAGE

I, Ralph L. Hartman, Chairman of New Creek Public Service District, in Mineral County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $200,757 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A, of the Issuer, dated August 17, 1987 (the "Local Bonds"), hereby certify as follows:

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

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 17, 1987, the date on which the Local Bonds are being physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the resolution pursuant to which the Local Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Local Bonds which would cause the Local Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Local Bonds were sold and delivered on August 17, 1987, to the West Virginia Water Development Authority (the

"Authority") for an aggregate purchase price of $200,757 (100% of par). Concurrently with delivery of the Local Bonds the Issuer also sold and delivered its Sewer Revenue Bonds, Series 1987 B, also dated August 17, 1987, in the aggregate principal amount of $49,243 (the "Supplemental Bonds"). The Supplemental Bonds bear no interest.

7. The Local Bonds and Supplemental Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage system of the Issuer (the "Project"), funding a reserve account for the Local Bonds and Supplemental Bonds and paying costs of issuance thereof.

8. The Issuer shall, within 30 days following delivery of the Local Bonds, enter into agreements which require the Issuer to expend in excess of $100,000 on the Project or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, all of the proceeds from the sale of the Local Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before April, 1988. Construction of the Project is expected to be completed by January, 1988, which is within 3 years of May 22, 1986.

9. The total cost of the Project, excluding costs of issuance, is estimated at $659,049. Sources of funding for such Project costs are as follows:

WDA Grant	$204,000
Funds of the Issuer	232,000
Net proceeds of Local Bonds and Supplemental Bonds (Gross proceeds of both less $8,000 costs of issuance for the Local Bonds and Supplemental Bonds, of which $6,424 is allocated to the Local Bonds, and $18,951 deposited to the Reserve Accounts)	223,049
Total	$659,049

The amount of Project costs not expected to be reimbursed or paid from grants, Supplemental Bond proceeds and funds of the Issuer lawfully available therefor is estimated to be at least $183,103 ($200,757 aggregate amount of proceeds of the Local Bonds, less $17,654 deposited in the Series 1987 A Bonds Reserve Account).

Except for the proceeds of the Local Bonds, the Supplemental Bonds, the WDA Grant and such funds of the Issuer, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Local Act, the following special funds or accounts have been created or continued:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund;

(4) Series 1987 A Bonds Sinking Fund, and within the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account; and

(5) Series 1987 B Bonds Sinking Fund, and within the Series 1987 B Bonds Sinking Fund, the Series 1987 B Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act the proceeds of the Local Bonds and the Supplemental Bonds will be deposited as follows:

(1) No proceeds of the Local Bonds will be deposited in the Series 1987 A Bonds Sinking Fund to pay interest on the Series 1987 A Bonds.

(2) Local Bonds proceeds in the amount of $17,654 will be deposited in the Series 1987 A Bonds Reserve Account.

(3) Supplemental Bonds proceeds in the amount of $1,297 will be deposited in the Series 1987 B Bonds Reserve Account.

(4) The balance of the proceeds of the Local Bonds and Supplemental Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

12. All moneys in the Series 1987 A Bonds Sinking Fund (with the exception of investment earnings thereon) will be held for

the payment of the interest to accrue on the Local Bonds on or prior to the maturity thereof. Moneys held in the Series 1987 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 1987 A Bonds Sinking Fund and Series 1987 A Bonds Reserve Account will be withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the Series 1987 A Bonds, and then to the next ensuing principal payment due thereon.

13. Except for the Series 1987 A Bonds Sinking Fund, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds, if the Issuer encounters financial difficulties.

14. The Issuer expects to enter into a contract within 6 months of the date hereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or $100,000.

15. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 3 years of May 22, 1986.

16. All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project, together with investment earnings thereon, will be expended for such purpose by May 1, 1989.

17. 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 Local Bonds.

18. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Local Bonds to the Authority.

19. The Issuer expects that no part of the Project financed by the Local Bonds will be sold or otherwise disposed of prior to the last maturity date of the Local Bonds.

20. With the exception of the amounts deposited in the Series 1987 A Bonds Sinking Fund for payment of interest on the Local Bonds, if any, all of the proceeds of the Local Bonds will be expended on the Project within 8 months from the date of issuance thereof.

21. Any money deposited in the Series 1987 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1987 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

22. The Issuer covenants and agrees to comply with the rebate requirements of the Code, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the interest on the Local Bonds.

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

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

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

IN WITNESS WHEREOF, I have set my hand this 17th day of August, 1987.

NEW CREEK PUBLIC SERVICE DISTRICT

By _____
Chairman, Public Service Board

08/13/87
NCPSD1-J

NEW CREEK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

ENGINEER'S CERTIFICATE

I, William A. Pallavicini, Registered Professional Engineer, West Virginia License No. 8519, consulting engineer, of Petersburg, West Virginia, hereby certify as follows:

1. I am engineer for the construction and acquisition of certain additions, betterments and improvements for the existing sewerage system (the "Project") of New Creek Public Service District in Mineral County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed in part by proceeds of the above-captioned bonds (the "Bonds") and out of certain grant proceeds from the West Virginia Water Development Authority (the "Authority").

2. I hereby certify that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by me, or amendments thereto and as described in the Application submitted to the Authority and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of New Creek Public Service District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and I will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates

and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; and (viii) the net proceeds of the Bonds, together with the proceeds of grants irrevocably committed therefor and other moneys on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to the Authority on the date of the Loan Agreement.

WITNESS my signature on this 17 day of August, 1987.

By William Pallavicini, P. E.
Consulting Engineer
Petersburg, WV

08/05/87
NCPSD1-K

JOHN L. RASCHELLA
Public Accountant
Box 389 H-1
Keyser, West Virginia 26726
304-788-5606

August 17, 1987

New Creek Public Service District
Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25065

Gentlemen:

Based upon the rates and charges as set forth and approved in the order of the Public Service Commission of West Virginia (Case No. 81-138-S-CN) entered September 1, 1981, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by William A Pallavicini, consulting engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of New Creek Public Service District, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1987 A and Series 1987 B, to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such Bonds, including the District's Series 1984 Bonds.

Very truly yours,

J L Raschella

John Raschella, ILPA

08/11/87
NCPSD1-L

IN THE COUNTY COURT OF MINERAL COUNTY, WEST VIRGINIA

In re: Creation of a Public Service District

On this the 7 day of May, 1974, at a regular May Session of the County Court of Mineral County, West Virginia, there came before this Honorable Court then sitting for determination the creation of a public service district for the area of New Creek Magisterial District of Mineral County, West Virginia and the Court then considered the request of interested persons in this area as evidenced by their letter dated May 1, 1974, requesting this action. Upon due consideration of this matter, the County Court feels that the creation of the New Creek Public Service District will be conducive to the preservation of public health, comfort, convenience and safety of this area.

WHEREFORE the County Court of Mineral County, West Virginia, of its own motion, duly moved, seconded and approved, and by this Order duly adopted, does propose the creation of the New Creek Public Service District which will include the general area of New Creek Magisterial District excepting the City of Keyser in Mineral County, West Virginia, a more particular description of the same is as follows:

> BEGINNING for the same at a point on the Easterly side of the North Branch of the Potomac River at a point on the line of division between New Creek Magisterial District and Frankfort Magisterial District; thence running in an Easterly direction with the boundary lines of these said districts to a point in or near County Route No. 8 which is a point of intersection with the Magisterial District lines of New Creek, Frankfort and Cabin Run; thence with the line of division between said Cabin Run Magisterial District and New Creek Magisterial District in a Southerly direction to a point of intersection in common with Cabin Run, New Creek and Welton Magisterial District lines; thence continuing with the line of division between New Creek Magisterial District and Welton Magisterial District to a point on the line of intersection of these two magisterial districts and the county line of Grant County, West Virginia; thence with the county lines of Grant County and Mineral County, West Virginia, in a Westerly direction to a point of intersection on the line of division between

C. REEVES TAYLOR
ATTORNEY AT LAW
KEYSER, W. VA.

Grant County and New Creek Magisterial District and Elk Magisterial District of Mineral County; thence with the line of division between New Creek Magisterial District and Elk Magisterial District in a Northerly direction to the point of intersection between Elk, Piedmont and New Creek Magisterial Districts; thence continuing in a Northerly direction on the line of division between Piedmont and New Creek Magisterial Districts to a point on the Southeasterly side of the North Branch of the Potomac River; thence with the meanders of the said North Branch of the Potomac River, the same being the line of division between New Creek Magisterial District of Mineral County, West Virginia, and the boundary line of the State of Maryland, in a Northeasterly direction to the point of BEGINNING.

There is hereby EXCLUDED and RESERVED from this designation of the public service district all of that land and real estate as incorporated within the municipal boundary lines of the City of Keyser, West Virginia.

For a more particular description of this proposed public service district, reference is hereby made to the Map of the County of Mineral which is recorded in the office of the Clerk of the County Court of Mineral County, West Virginia, in Map Book No. 3, at page 26.

The County Court does hereby set Tuesday, the 18th day of June, 1974, at the hour of 7:30 P. M. at the Court House in Keyser, Mineral County, West Virginia, for a hearing on the creation of the New Creek Public Service District and does Order the Clerk of this Court to publish notice of this hearing in the Mineral Daily News Tribune, a paper of general circulation in the area which the proposed public service district is situate, a Class I legal advertisement under the laws of West Virginia.

J. R. Haines
President

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Marshall E. Nield Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the

Order Re: Creation of a Public Service District

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Commission at my office in said County this 22nd day of May, 19 81

Marshall E. Nield
Clerk of County Commission

Dated this the 9th day of July, 1974.

J. R. Haines
President,
County Court of Mineral County,
West Virginia

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Marshall E. Nield Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the

Creation Order for Creation of New Creek Public Service District

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Commission at my office in said County this 22nd day of May, 1981

Marshall E. Nield
Clerk of County Commission
By: Mabel C. Oss, Deputy

C. REEVES TAYLOR
ATTORNEY AT LAW
KEYSER, W. VA.

IN THE COUNTY COURT OF MINERAL COUNTY, WEST VIRGINIA

In the Matter Of:

Creation of New Creek Public Service District

O R D E R

On this the 9th day of July, 1974, at the Regular meeting of the County Court of Mineral County, West Virginia, the Honorable Court, after first having published notice of a hearing on the creation of a public service district as required by law, and after conducting a hearing thereon, Tuesday, June 18, 1974, at the hour of 7:30 P.M., E.D.T., at which time there was no written protest, now determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement, and extension of public service properties, by such public service district will be conducive to the preservation of public health, comfort and convenience of this area and thereby ORDER the creation of the New Creek Public Service District, which is more particularly described as follows:

> BEGINNING for the same at a point on the Easterly side of North Branch of the Potomac River at a point on the line of division between New Creek Magisterial District and Frankfort Magisterial District; thence running in an Easterly direction with the boundary lines of these said districts to a point in or near County Route No. 8 which is a point of intersection with the Magisterial District lines of New Creek, Frankfort and Cabin Run; thence with the line of division between said Cabin Run Magisterial District and New Creek Magisterial District in a Southerly direction to a point of intersection in common with Cabin Run, New Creek and Welton Magisterial District lines; thence continuing with the line of division between New Creek Magisterial District and Welton Magisterial District to a point on the line of intersection of these two magisterial districts and the county line of Grant County, West Virginia; thence with the county lines of Grant County and Mineral County, West Virginia, in a Westerly direction to a point of intersection on the

C. REEVES TAYLOR
ATTORNEY AT LAW
KEYSER, W. VA.

line of division between Grant County and New Creek Magisterial District and Elk Magisterial District of Mineral County; thence with the line of division between New Creek Magisterial District and Elk Magisterial District in a Northerly direction to the point of intersection between Elk, Piedmont and New Creek Magisterial Districts; thence continuing in a Northerly direction on the line of division between Piedmont and New Creek Magisterial Districts to a point on the Southeasterly side of the North Branch of the Potomac River; thence with the meanders of the said North Branch of the Potomac River, the same being the line of division between New Creek Magisterial District of Mineral County, West Virginia, and the boundary line of the State of Maryland, in a Northeasterly direction to the point of BEGINNING.

There is hereby EXCLUDED and RESERVED from this designation of the public service district all of that land and real estate as incorporated within the municipal boundary lines of the City of Keyser, West Virginia.

For a more particular description of this proposed public service district, reference is hereby made to the Map of the County of Mineral which is recorded in the office of the Clerk of the County Court of Mineral County, West Virginia, in Map Book No. 3, at page 26.

Upon the creation of this New Creek Public Service District, the County Court of Mineral County, West Virginia, does hereby, in accordance with the statutes herein made and provided, appoint three members of the Public Service Board as follows: There is hereby appointed Chester J. Compton for a term of two years and Edgell Rotruck for a period of four years and James L. Fisher for a period of six years, appointments beginning with the first day of the month in which these appointments are made to be effective after the meeting of the members of this board and the taking of the oath of office before the Clerk of the County Court of Mineral County, West Virginia, all as provided by law.

C. REEVES TAYLOR
ATTORNEY AT LAW
KEYSER, W. VA.

MINERAL COUNTY COMMISSION
County Coordinator's Office
P.O. Drawer Y
Keyser, WV 26726

(304) 788-5921

Michael C. Bland,
Coordinator

April 14, 1982

Mr. Ralph Hartman, Chairman
New Creek Public Service District
P.O. Box R
Keyser, WV 26726

Dear Mr. Hartman:

At your April 6 meeting, there was some question as to the terms of office for district members. According to records here at the Courthouse, the terms are as follows: Your term will expire on June 30, 1982, the term of Mr. Edward Delilio, now vacant, will expire on June 30, 1984, and the term of Mr. Jack Sanders will expire on June 30, 1986.

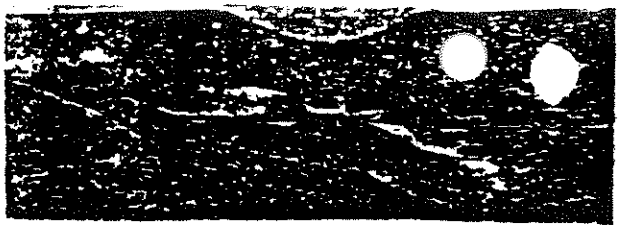
Members being appointed for an expired term are to serve for six years. Members appointed to fill vacant seats will be appointed for the unexpired term of the member they are replacing.

If you have any questions, please feel free to contact me at 788-5921.

Sincerely,

Mike

Michael C. Bland,
County Coordinator



BEHIND THE SADDLE IS THE BIRTHPLACE OF NANCY HANKS, MOTHER OF ABRAHAM LINCOLN.

MARSHALL E. NIELD, CLERK
PHONE: 788 - 3924 OR 788 - 4308

County Commission of Mineral County

P. O. DRAWER 280
KEYSER, WEST VIRGINIA
26726

THE COMMISSIONERS

D. BLAIR DEREMER, PRESIDE
FORT ASHBY, WEST VIRGINI

RAYMOND H. TASKER
KEYSER, WEST VIRGINIA

PAUL H. MICHAEL
BURLINGTON, WEST VIRGINI

June 8, 1982

New Creek Public Service District
PO Box 459
Keyser, West Virginia 26726

Dear Mr. Hartman:

This letter is to notify you that the Mineral County Commission at their May 11, 1982 meeting appointed

Ralph Hartman, Rt. 4 Keyser, WV for another six year term beginning July 1, 1982 and

Charles D. Fleming, Rt. 4, Keyser for a term to expire June 30, 1984.

as member(s) of the New Creek Public Service District.

Please contact them concerning your meetings and other pertinent information about your organization.

Sincerely,

Marshall E. Nield

Marshall E. Nield
Clerk

[illegible] and install it.

NEW CREEK PUBLIC SERVICE DISTRICT MEMBERS APPOINTED--RALPH HARTMAN and CHARLES D. FLEMING
By motion of Paul Michael and seconded by Raymond Tasker and passed unanimously, Ralph L. Hartman was reappointed for a six (6) year term from 6-30-82 and Charles D. Fleming was appointed to a term ending 6-30-84 to the New Creek Public Service District.

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Marshall E. Nield Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the Minutes from the County Commission Meeting of May 11, 1982, concerning the New Creek Public Service District

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Commission at my office in said County this 1st day of February, 19 83

Marshall E. Nield
Clerk of County Commission
By: Barbara T. Kesecker, Deputy

R E S O L U T I O N

WHEREAS, The State of West Virginia has elected to accept a Block Grant from the Department of Housing and Urban Development to implement the nonentitlement portion of the Housing and Community Development Act of 1974, and

NEW CREEK PUBLIC SERVICE DISTRICT--RESIGNATION AND APPOINTMENTS The resignation of Ronald White, member of the New Creek Public Service District, has been accepted. Paul Michael made the motion to appoint Jack Sanders and Dr. Robert Bess to the New Creek Public Service District. Motion seconded by Raymond Tasker, and carried.

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Marshall E. Nield Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the ~~Minutes from the~~ County Commission Meeting of July 14, 1981. concerning the New Creek Public Service District.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Commission at my office in said County this 1st day of February, 1983

Marshall E. Nield
Clerk of County Commission

By: Barbara T. Kesecker, Deputy

POTOMAC HIGHLANDS MENTAL HEALTH GUILD--PAT WAGONER Paul Michael made the motion to re-appoint Mrs. Patricia Wagoner to the Potomac Highlands Mental Health Guild for another term. Motion seconded by Raymond Tasker, and carried.

COLLECTIONS The County Clerk reported that he had received the following amounts due the county and the same has been turned over to the sheriff:

City of Piedmont, May prisoners	$130.00
City of Keyser, May prisoners	$470.00

MINERAL COUNTY COMMISSION
County Coordinator's Office
P.O. Drawer Y
Keyser, WV 26726

(304) 788-5921

Michael C. Bland,
Coordinator

April 14, 1982

Mr. Ralph Hartman, Chairman
New Creek Public Service District
P.O. Box R
Keyser, WV 26726

Dear Mr. Hartman:

At your April 6 meeting, there was some question as to the terms of office for district members. According to records here at the Courthouse, the terms are as follows: Your term will expire on June 30, 1982, the term of Mr. Edward Delilio, now vacant, will expire on June 30, 1984, and the term of Mr. Jack Sanders will expire on June 30, 1986.

Members being appointed for an expired term are to serve for six years. Members appointed to fill vacant seats will be appointed for the unexpired term of the member they are replacing.

If you have any questions, please feel free to contact me at 788-5921.

Sincerely,

Mike

Michael C. Bland,
County Coordinator

BEHIND THE SADDLE IS THE BIRTHPLACE OF NANCY HANKS, MOTHER OF ABRAHAM LINCOLN.

MARSHALL E. NIELD, CLERK

PHONE: 788 - 3924 OR 788 - 4305

County Commission of Mineral County

P. O. DRAWER 250

KEYSER, WEST VIRGINIA

26726

THE COMMISSIONERS

D. BLAIR DEREMER, PRESIDENT
FORT ASHBY, WEST VIRGINIA

RAYMOND H. TASKER
KEYSER, WEST VIRGINIA

PAUL H. MICHAEL
BURLINGTON, WEST VIRGINIA

June 8, 1982

New Creek Public Service District
PO Box 459
Keyser, West Virginia 26726

Dear Mr. Hartman:

This letter is to notify you that the Mineral County Commission at their May 11, 1982 meeting appointed

Ralph Hartman, Rt. 4 Keyser, WV for another six year term beginning July 1, 1982 and

Charles D. Fleming, Rt. 4, Keyser for a term to expire June 30, 1984.

as member(s) of the New Creek Public Service District.

Please contact them concerning your meetings and other pertinent information about your organization.

Sincerely,

Marshall E. Nield

Marshall E. Nield
Clerk

NEW CREEK PUBLIC SERVICE DISTRICT--RESIGNATION AND APPOINTMENTS The resignation of Ronald White, member of the New Creek Public Service District, has been accepted. Paul Michael made the motion to appoint Jack Sanders and Dr. Robert Bess to the New Creek Public Service District. Motion seconded by Raymond Tasker, and carried.

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Marshall E. Nield Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the ~~Minutes from the~~ County Commission Meeting of July 14, 1981. concerning the New Creek Public Service District.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Commission at my office in said County this 1st day of February, 1983

Marshall E. Nield
Clerk of County Commission

By: Barbara T. Kesecker, Deputy

POTOMAC HIGHLANDS MENTAL HEALTH GUILD--PAT WAGONER Paul Michael made the motion to re-appoint Mrs. Patricia Wagoner to the Potomac Highlands Mental Health Guild for another term. Motion seconded by Raymond Tasker, and carried.

COLLECTIONS The County Clerk reported that he had received the following amounts due the county and the same has been turned over to the sheriff:

City of Piedmont, May prisoners	$130.00
City of Keyser, May prisoners	$470.00

NEW CREEK PUBLIC SERVICE DISTRICT
P. O. Box 459
Keyser, West Virginia 26726

August 27, 1984

County Commission of Mineral County
P. O. Drawer 250
Keyser, WV 26726

Gentlemen:

The New Creek Public Service District Board, at its regularly scheduled meeting on August 21, 1984, unanimously voted to recommend that Charles D. Fleming be reappointed to the Board for a six year term expiring on June 30, 1990.

We respectfully request that the County Commission approve this appointment.

Sincerely,

William Pallavicini
For

RALPH L. HARTMAN, Chairman

OK P Michael
9-4-84

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Marshall E. Nield Clerk of the County Court of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the letter submitted to the County Commission requesting that Charles Fleming be reappointed to the New Cree PSD, and was approved by signature of Commissioner Paul Michael and dated, 9/4/84.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court at my office in said County this 14th day of August, 1987

Marshall E. Nield
Clerk of County Court

BY Sandra Lee Durst 20
(Deputy)

CORRESPONDENCE:

New Creek Public Service Board - Reappointment to the Board
Commissioner Logsdon, seconded by Commissioner Fertig made a motion to approve the reappointment of Mr. Jack Sanders on the New Creek Public Service Board, for a six year term ending June 30, 1992.

Monthly Magistrate Financial Report
The monthly magistrate report was reviewed and ordered filed.

Application for Review of Property Assessment - Amy L. Hartman
The County Commission instructed Walter R. Dillow, County Appraiser to review the property of Amy L. Hartman and report his findings to them.

Mineral County Health Department - Health Visit Report
The County Commission reviewed the Health Visit Report and ordered it filed.

Mineral County Parks & Recreation - Bicentennial Funds
The County Commission will consider the request for Bicentennial Funds by Rex Riffle for use on the Millmeadow Park Museum.

New Creek Water Association
The County Commission received a letter from the Governor's Office acknowledging their request for $25,000. funding for the New Creek Water Association line extension.

Office of the Governor - Fountainhead
The County Commission received a letter concerning the status of funding for the water system in Fountainhead, for their information.

Health Department - Financial Contract
Commission President, D. Blair Deremer signed the contract and agreement to finance the Mineral County Board of Health total sum of $50,000.

NEW BUSINESS:

Lay County Levy - Fiscal Year 1986-1987
Commissioner Fertig made a motion, seconded by Commissioner Logsdon to accept the levy rates. The levy was entered and signed by the Clerk.

Handicap Booths
The County Commission instructed the Clerk to obtain additional information about the booths, before they consider purchasing any.

Being no other business, Commissioner Logsdon moved the meeting be adjourned, Commissioner Fertig seconded the motion.

D. Blair Deremer, President

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO WIT:

I, Marshall E. Nield Clerk of the County Court of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the Minutes of the County Commission meeting April 15, 1986, which reappoints Jack Sanders to the New Creek PSD for the term ending 6/30/92.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court at my office in said County this 12th day of August, 19 87

Marshall E. Nield
Clerk of County Court

BY Sandra Lee Durst
(Deputy)

TOM VENT--DIRECTOR OF PARKS AND RECREATION DEPT. Mr. Tom Vent, director of the Parks and Recreation Dept. reported the following:

The Soil Conservation problem at Millmeadow Park has been worked out.
The C-Bees are tearing down the white house at Larenim Park.
The summer ball teams are getting organized.
A citizen of Mineral County has volunteered to put three ball fields in at Larenim Park.
Mr. Vent stated he would provide the Clerk's office with a copy of the audit recently completed on the books and records of his dept.
Mr. Vent requested the Commissioners provide the funds to purchase a grooming mower for the parks. No action was taken.
Mr. Vent also requested the necessary funds to pay the dept's share of at least two employees thru the Human Resources foundation. No action taken.

COUNTY CLERK REQUESTS ADDITIONAL EMPLOYEE Clerk M.E. Nield requested funds for a ful time deputy clerk in his office. This would be the fourth full time employee in the county clerk's office. The Commission answered not at this time; could check after the settlement is completed.

PRECINCT 31 POLLING PLACE Marshall E. Nield, Clerk, informed the Commission of the problem finding a suitable building for Precinct 31 in the town of Piedmont to vote in. Nield informed the Commission the only suitable place to his knowledte at this time was the Piedmont school. The Commissioners approved the school as the polling place for pct. 31.

NEW SINK--COUNTY CLERK'S OFFICE Clerk Nield informed the Commission that Mitchell Saville, the Court House custodian, recommended a new sink as the old one was cracked and beyond repair. The Commissioners ordered the Clerk to have Mr. Saville to purchase the new sink for the toilet and install it.

NEW CREEK PUBLIC SERVICE DISTRICT MEMBERS APPOINTED--RALPH HARTMAN and CHARLES D. FLEMING By motion of Paul Michael and seconded by Raymond Tasker and passed unanimously, Ralph L. Hartman was reappointed for a six (6) year term from 6-30-82 and Charles D. Fleming was appointed to a term ending 6-30-84 to the New Creek Public Service District.

NEREMS--REQUEST LETTER OF SUPPORT Letter was received from William Gain, program co-ordinator of North Eastern Regional Emergency Medical Services, Inc. requesting the Commission to write a letter of support for continued funding. The Commission directed the Clerk to do so.

JIM HAWK, DOG WARDEN--MILITARY LEAVE Jim Hawk requested a leave of absence to attend training with the Army National Guard 5-29-82 till 6-12-82. Jim is to find someone and recommend to the Clerk and the Clerk will advise the Commission who it is. The employee will be paid minimum wage.

NEW CREEK FIRE CO.--BILL FOR SPECIAL TRAINING The Commission ordered New Creek Fire Co. be paid for special training as submitted.

WIN WORKER Michael Bland, Comm. Dev. Co-ordinator, said Sheriff Detrick is interested in a WIN worker.

RESOLUTION--TOWN OF ELK GARDEN The Mineral County Commission, by motion of Commissioner Paul Michael and seconded by Commissioner Raymond Tasker, and passed unanimously, voted to adopt a Resolution concerning obtaining funding from Small Cities Program on behalf of the Town of Elk Garden.

R E S O L U T I O N

WHEREAS, The State of West Virginia has elected to accept a Block Grant from the Department of Housing and Urban Development to implement the nonentitlement portion of the Housing and Community Development Act of 1974, and

WHEREAS, the State will subgrant Small Cities Program funds to eligible county and municipal governments to finance locally designed development or planning programs, and

WHEREAS, the Mineral County Commission, hereinafter referred to as the Commission, desires to obtain such funding on behalf of the Town of Elk Garden, and

WHEREAS, it is necessary for the Commission to authorize the filing of an application for said funds, and

WHEREAS, the Comm
related t
federal

WHEREAS, the Comm
with the

NOW THEREFORE BE I

1. The (
of We

2. The C
progr

3. D. BI
act i

I, Marshall E.
resolution adopted
Commission. I furt

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO WIT:

I, Marshall E. Nield Clerk of the County Court of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the Minutes of County Commission of May 11, 1982 reappointing Ralph Hartman to the New Creek PSD for the term ending 6/30/88.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court at my office in said County this 12th day of August, 19 87

Marshall E. Nield
Clerk of County Court

State of West Virginia

MINERAL COUNTY, TO-WIT:

I, Ralph Hartman, do solemnly swear that I will support the constitution of the United States and the constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of the New Creek Public Service District for a term of six (6) years.

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

Ralph Hartman

Subscribed and sworn to before me this 3rd day of August, 19 82

Marshall E. Nield, Clerk

Ruby L. Staggs Deputy

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Marshall E. Nield Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the Oath of Office for Ralph H. Hartmen, Member of the New Creek Public Service District. Recorded in Oath of Office Book 1 page 322

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Commission at my office in said County this 1st day of February, 19 83

Marshall E. Nield
Clerk of County Commission
By: Barbara T. Kercher, Deputy

21

State of West Virginia

MINERAL COUNTY, TO-WIT:

I, Charles D. Fleming, do solemnly swear that I will support the constitution of the United States and the constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of Member of New Creek Public Service District for a term of 2 years to expire June 30, 1984 to the best of my skill and judgment, so help me God.

Charles D. Fleming

Subscribed and sworn to before me this 27th day of May, 1982

Barbara T. Kesselar
Deputy

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Marshall E. Nield Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the Oath of Office for Charles D. Fleming, Member of the New Creek Public Service District Recorded in Oath of Office Book 1, page 318

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Commission at my office in said County this 1st day of February, 19 83.

Marshall E. Nield
Clerk of County Commission

By: Barbara T. Kesselar, Deputy

State of West Virginia

MINERAL COUNTY, TO-WIT:

I, John A. Sanders, do solemnly swear that I will support the constitution of the United States and the constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of Member, New Creek Public Service District

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

John A. Sanders

Subscribed and sworn to before me this 27th day of August, 19 81

Barbara T. Keseker
Deputy

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Marshall E. Nield Clerk of the County Commission of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the Oath of Office for John A. Sanders, Member of the New Creek Public Service District Recorded in Oath of Office Book 1, page 309

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Commission at my office in said County this 1st day of February, 19 83

Marshall E. Nield
Clerk of County Commission
By: Barbara T. Keseker, Deputy

State of West Virginia

MINERAL COUNTY, TO-WIT:

I, John A. Sanders, do solemnly swear that I will support the constitution of the United States and the constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of Member of the New Creek Public Service District for the term of April 15, 1986 to June 30, 1992.

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

John A. Sanders

John A. Sanders

Subscribed and sworn to before me this 14th day of August, 19 87

Sandra Lee Durst

Sandra Lee Durst

STATE OF WEST VIRGINIA

COUNTY OF MINERAL, TO-WIT:

I, Marshall E. Nield Clerk of the County Court of Mineral County, Court of Record in and for said County and State, do certify that the foregoing is a true, accurate and complete photostatic copy of the Oath of Office of John A. Sanders for the New Creek Public Service District.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court at my office in said County this 14th day of August, 19 87

Marshall E. Nield
Clerk of County Court

BY Sandra Lee Durst
(Deputy)

21A

RULES OF PROCEDURE

NEW CREEK PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: NEW CREEK PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at Keyser, West Virginia.

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

Section 4. The fiscal year of the District shall begin the 1st day of July in 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.

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 Mineral County, West Virginia, who shall serve for such terms as may be specified in the order of the County Commission.

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 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 of the pending termination and request the County Commission 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 3rd Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, two 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 may adjourn the meeting to a later date.

Section 3. Notice to members by letter or telephone shall be required for regular meetings. Notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the three (3) days before the date fixed for such 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, notice of the time and place of all regularly scheduled sessions of such sessions of such public service board shall be made available to the public and news media as follows:

A. A notice shall be posted by the Project Coordinator of the Public Service District at the front door of the Mineral County Courthouse for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of

such cancellation or postponement shall be posted at the front door of the Courthouse as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Project Coordinator at the front door to the Mineral County Courthouse at least twenty-four hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front door of the Courthouse as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

NEW CREEK PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The public service board of New Creek Public Service District will meet in special session on _____, at _____ .m., at _____, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of _____ _____ facilities of the District.

2.

_____
Project Coordinator

Date: _____

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and 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 the month of January of 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. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these bylaws, or prescribed by law. He 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 the executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such

other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out 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.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended or added to at any regular of 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 or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

06/22/83
CREEK3-W

NEW CREEK PUBLIC SERVICE BOARD
P.O. BOX 32
NEW CREEK, WEST VIRGINIA 26743

MINUTES, REGULAR MEETING, NEW CREEK PUBLIC SERVICE DISTRICT BOARD,
TUESDAY, JANUARY 13, 1987

1. The Board of the New Creek Public Service District met on Tuesday, January 13, 1987, at 7:00 p.m. with the following members were present: Ralph Hartman, chairman; Jack Sanders, treasurer; William Pallavicini, and Deloris Shears, office secretary.

2. Also attending were Roscoe Rohrbaugh, Jeff Green and Mike Mower. Mr. Mower is a member of the state Health Department, from Kearnysville.

3. Jeff Green stated that he was present on behalf of Fred Hamilton and Glen Welsh who have constructed buildings to be used for apartments and who are considering installing a pressure line for sewage. The line would be installed at their expense and they would like permission to put it into the New Creek system. The Board's opinion was that a pressure line could not be accepted, if the District would be responsible for upkeep, however, the Board suggested that the owners check the possiblility of registering with the PSC as a private utility, thus could connect with the District's line for a fee, much the same as the District connects to the City of Keyser's system.

4. Roscoe Rohrbaugh presented a bill in the amount of $80.00 for inspections and meter readings. Payment was approved by the Board. Roscoe reported that in the Parrish Development, sewer lines are being added as houses are built. Ralph Hartman will contact Mr. Parrish to let him know that the entire system must be installed and inspected before more houses are connected.

5. Ralph Hartman reported that he attended the Health Department meeting on Monday, January 12, to ask for their cooperation in getting those eligible to connect to the system to do so. The Health Department agreed to contact the Prosecuting Attorney to see if he could take action, and will contact the Board with the result.

6. Minutes of the December 9th regular meeting were approved as written.

7. The meeting with the Valentines will be rescheduled.

8. William Pallavicini presented and the Chairman signed the response to Farmer's Home Administration, giving the requested information concerning parity for the proposed sewer extension loan. Ralph reported that a meeting with the WDA in Charleston will be necessary soon.

9. Correspondance was received from the DNR asking if the District wished to set up a pre-application meeting, even though the District is ranked low on the FY87 Priority List (#61). The Board felt that a meeting should be held and may be possible to set up at the same time the meeting is held with WDA.

10. A letter to Lawrence Kessel stating that the New Creek PSD has accepted the sewer system on Healy Heights, was signed by the Board Chairman.

11. Jack Sanders reported that Cannon Electric is to contact the office about installing a dawn to dusk light behind the trailer.

12. Items brought to the attention of the Board by Jack Sanders were: a. A letter from Ann Baker, concerning her inability to connect to the system and pay minimum sewage charges. This item was tabled for the present. b. Glen Riggleman inquired about charges on his monthly statement, which were higher in November than he usually pays. This will be checked and a credit given if overcharged. c. Jack has heard that a Harry Stevens is connected to and using the Districts line, although no record of his connecting is on file. Ralph will check on this.

13. Election of officers for 1987 were held with the following results; Chairman - Ralph Hartman; Secretary - Charles Fleming; Treasurer - Jack Sanders.

14. Bills approved for payment from the NOW account were as follows; City of Keyser-2001.40, FmHA-2701.00, NBK-327.91; New Creek Water Association-128.76; F&M-6.55; NBK-5.85; FmHa Reserve fund-270.10; C&P Telephone-28.12; New Creek Water Association-12.54; Deloris Shears-531.67; Joan Fleming-40.00; Regular Meetings - Ralph Hartman-50.00 Jack Sanders -50.00; Roscoe Rohrbaugh-80.00; Postage-200.00; Department of Employment Security-60.59; Workers Compensation Fund-40.81; WV Income Tax-29.99; Federal Income Tax-109.00; Burgess Farm Service, Inc.-141.99; Mountain Office Supply-28.10; Nelson Wagoner-150.00; Total Expenses-6,994.28.

16. Meeting adjourned at 9:00 p.m.

SIGNED

Ralph L. Hartman, Chairman

Board Member

I further certify that the forgoing action of the New Creek Public Service Board remains in full force and effect and have not been amended or repealed.

Certified a true copy on the 17th day of August 1987.

Signed

NEW CREEK PUBLIC SERVICE BOARD
P.O. BOX 32
NEW CREEK, WEST VIRGINIA 26743

MINUTES, REGULAR MEETING, NEW CREEK PUBLIC SERVICE DISTRICT BOARD,
TUESDAY, AUGUST 11, 1987

1. The Board of the New Creek Public Service District met on Tuesday, August 11, 1987, at 7:00 p.m. with the following members present: Ralph Hartman, chairman; Denny Fleming, secretary; Jack Sanders, treasurer; William Pallavicini, Engineer; and Deloris Shears, office secretary.

2. Also attending were Roscoe Rohrbaugh and David Vanscoy.

3. The minutes of the July regular meeting and special meeting with Mr. Clem Ferri were reviewed and approved as written.

4. Jack Sanders reported that he had read a meter at the Valentines' residences on the first of August. He will again check it at the end of the month.

5. Ralph Hartman reported that he went to Charleston to the PSC with the information which they had requested. Final approval has been received from the PSC. Ralph also went to Elkins to the FmHA with a packett of information. The FmHa has stated that it will give all the money in the Escrow account when they receive the first pay estimate, with the condition that L. Plum inspect periodically.

6. Roscoe Rohrbaugh inspected sewer lines for a house being built by Eddie Orndorff. He presented a bill in the amount of $40.00 for inspections and meter readings.

7. Clem Ferri has sent a price list for planned changes in areas of construction for Sunnydale. Although some errors have been made in the figuring of prices, the unit prices are listed. Using these unit prices, the cost with the changes proposed will be approximately $7,000.00 more than the original cost. The Board approved the unit prices, with a total cost of approximately $30,000 for the extension in Sunnydale. William Pallavicini will write to Ferri Contracting Co. accepting the unit prices and explaining the errors.

8. Ralph Hartman will contact Skip Miller, owner of some property in the area of proposed construction.

9. Two sets of prints were brought to the office, by William Pallavicini, one for construction and one to remain in the office.

10. A statement from William Pallavicini for $7,000 was approved by the Board.

11. The Bond Resolution, ~~Series 1987 A~~ and and the Supplemental Bond Resolution, ~~Series 1987 B~~ were discussed. Jack Sanders made the motion to accept them, seconded by Charles Fleming and unanimously approved by the Board.

12. Dave Vanscoy stated that he was present on behalf of David Ravenscroft to check the plans for the sewer construction in the Crestwood area. Although the sewer extension will not go to the property of David Ravenscroft, the Board suggested that Mr. Ravenscroft meet with the Board to discuss possible ways for Mr. Ravenscroft to run lines to the sewer.

13. Ralph Hartman reported that Eddie Cox has completed his work of painting manholes, except for the ones which can't be found. Ralph will used the large prints to help located these manholes.

14. Ralph Hartman and Jack Sanders will make an appointment to inspect the Edgel Rotruck property on Friday evening at 6 p.m.

15. Ralph reported that he had asked Norman Parks for a estimate for running the lines across the creek to Kessel Lumber Company. The bid received was in the amount of $6,560. The Board felt that it would not cost anymore than this to bore the road, but does not have the money to do either. Ralph reported that Scott Construction Company has bought a boring machine and may be available to do road boring for the District sometime in the future, at a price which the District could afford.

16. An application from Harry Marshall for a tap was discussed and rejected due to the cost, as it would also require a road bore. The District is not in the position of being able to pay that cost at this time.

17. A letter has been received from the PSC concerning a complaint from David Lyons, who is planning to build a house and wants a sewer tap. Ralph Hartman will talk to him and to Turners, who own property through which the line would have to go, concerning a right of way. If they are willing to give a right of way Mr. Lyons would have to go through the Turner property to reach a tap. After talking to Mr. Turner, the PSC letter will be answered.

18. Tap applications were approved for two houses to be build by Gary Michael in Healy Heights. One line has already been connected and Ralph will contact Mr. Michael to tell him it must be uncovered for inspection.

19. BGS&G is to be contacted by the office secretary to get information concerning an increase in the amount of the bond for the chairman and treasurer during the time of construction.

20. The monthly financial statement was reviewed and payment of the following bills approved: City of Keyser-2004.00, FmHA-2701.00, NBK-327.91; New Creek Water Association-130.61; F&M-7.35; NBK-5.65; FmHA Reserve fund-270.10; C&P Telephone-33.61; New Creek

Water Association-12.54; Mt. Office Supply-40.90; Deloris Shears-561.67; Regular Meetings - Ralph Hartman-50.00; Denny Fleming-50.00; Jack Sanders -50.00; Special meetings-Ralph Hartman-30.00; Denny Fleming-30.00; Roscoe Rohrbaugh-40.00; Petty cash-15.00; BGS&G-200.00; Norman Parks - 577.75; Eddie Cox-36.00; Travel expense-385.89. Total - $7492.70.

21. Meeting adjourned at 10.30 p.m.

SIGNED

Ralph L. Hartman, Chairman — Date 8-11-87

Board Member — Date 8-11-87

I further certify that the forgoing action of the New Creek Public Service Board remains in full force and effect and have not been amended or repealed.

Certified a true copy on the 17th day of August 1987.

Signed

SEWER TREATMENT CONTRACT

THIS CONTRACT for the sale and purchase of sewerage treatment services is made and entered into this the 1st day of May, 1975, by and between the CITY OF KEYSER, Keyser, West Virginia 26726, a municipal corporation, hereinafter referred to as party of the first part,

a
n
d

the NEW CREEK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, R.F.D. 4, Keyser, West Virginia 26726, hereinafter referred to as party of the second part, witnesseth

WHEREAS the party of the first part owns and operates a sewer treatment plant, together with collection and transmission lines for sewerage with a capacity currently capable of serving the present customers of the party of the second part's proposed system and the estimated number of sewer users to be served by this party of the second part as shown on proposed plans of the system now on file in the office of the party of the second part,

AND WHEREAS the party of the second part is organized and established under the provisions of Chapter 16, Article 13a of the Code of West Virginia, for the purpose of constructing and operating a sewerage collection, transmission and treatment system serving sewerage users within the area described in plans presently on file in the office of the party of the second part and to accomplish this stated purpose, the party of the second part will require sewerage treatment services,

AND WHEREAS by motion of the Mayor and Council of the City of Keyser enacted on the 7th day of May, 1975, by the party of the first part, the sale of sewer treatment services to the party of the second part, in accordance with the provisions of the said sewerage treatment contract, was approved and the execution of this

TAYLOR
AT LAW
W. VA.

contract carrying out the said provisions by the Mayor of the City of Keyser and attested to by the City Clerk was duly authorized,

AND WHEREAS by motion duly adopted by the members of the Public Service District, party of the second part, enacted on the 5th day of May, 1975, the purchase of sewerage treatment services from the party of the first part in accordance with the terms set forth in this said sewer treatment contract was approved and the execution of this contract by the Chairman of the Public Service District and attested to by its Secretary was duly authorized,

NOW, THEREFORE, and for and in consideration of the foregoing and mutual covenants, promises and agreements as hereinafter set forth, the parties hereto do hereby agree as follows:

1. The party of the first part agrees to furnish unto the party of the second part at the point of delivery hereinafter specified, during the term of this contract and any renewal or extension hereof, sewerage treatment services at its sewer treatment plant and also provide an interceptor sewer at the approximate southern boundary limits of the City of Keyser, said area being just adjacent to the New Creek Public Service District.

2. The party of the first part shall furnish, install, operate and maintain at its own expense at point of pick up by the transmission, interceptor line the necessary metering equipment, including a meter house or pit if necessary, and requires devices of the standard type for properly measuring the quantity of sewer waste delivered to the aforementioned point by the party of the second part and to calibrate such metering equipment whenever requested by said party of the second part but not more frequently than once every twelve months. A meter registering not more than two percent above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected from the sixth month previous to said test in accordance with the percentage of inaccuracy found by said test.

VES TAYLOR
NEY AT LAW
ER, W. VA

If any meter fails to register for any period, the amount of sewerage waste received during such period shall be deemed to be the amount of sewerage waste received in the corresponding period immediately prior to this failure unless the parties to this agreement shall agree upon a different result. The metering equipment shall be read on the first day of each month. An appropriate official of the party of the second part at all reasonable times shall have access to the meter for the purpose clarifying the readings.

3. The party of the first part shall furnish unto the party of the second part at the above address not later than the 15th day of each month, an itemized statement of the amount of sewerage waste received by the party of the first part during the preceding month.

4. The party of the second part agrees to pay unto the party of the first part, not later than the 25th day of each month, for sewerage waste received by the party of the first part in accordance with the following schedule of rates:

City of Keyser Sewer Rates

First 5,000 gallons	@	$.90/1,000 gallons
Next 15,000 gallons	@	$.68/1,000 gallons
Next 150,000 gallons	@	$.50/1,000 gallons
All over 170,000 gallons	@	$.26/1,000 gallons

5. The party of the second part shall pay the actual cost to connect to the party of the first part's system with said second party's system, these costs involved shall cover any and all costs of the party of the first part for installation of the metering equipment described in Paragraph 2.

6. That this contract shall extend and be in effect for a term of 60 years from the date of the initial delivery of any sewer waste as shown by the first bill submitted by the party of the first part to the party of the second part and thereafter may be renewed or extended for such term or terms as may be agreed

EEVES TAYLOR
TORNEY AT LAW
YSER, W. VA

between the parties.

7. That 30 days prior to the estimated date of completion of construction of the party of the second part's sewer collection and distribution lines, the party of the second part shall notify the party of the first part in writing the date of the initial delivery of sewer waste to the aforementioned place where the interceptor sewer receives the same.

8. The parties to this contract will at all times operate and maintain its respective systems in an efficient manner and shall take such action as may be necessary to keep the same in proper and efficient working condition.

9. That the provisions of this contract pertaining to the schedule of rates to be paid by the party of the second part for sewer treatment services are subject to modification at the end of every 5 year period. Any increase or decrease in rates shall be based upon the demonstratable increase or decrease in the cost of performance hereunder, but said costs shall not include any increased capitalization of the party of the first part's system. Other provisions of this contract may be modified and altered by mutual agreement.

10. This contract is subject to certain rules, regulations and/or laws that may be applicable to similar agreements in this state, and the said parties will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

11. The construction of the sewer treatment line by the party of the second part is tentatively planned to be financed by a loan made or insured by the Farmers Home Administration of the United States Department of Agriculture and the provisions hereof pertaining to the undertaking of the party of the second part are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

EVES TAYLOR
ORNET AT LAW
RER, W. VA.

12. That in the event of any occurrence rendering the party of the second part incapable of performance under this contract, any successor to said party, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the party of the second part.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three counterparts, each of which shall constitute an original.

CITY OF KEYSER, WEST VIRGINIA,

By Irving T. Pethey

Title Mayor

Attest:

City Clerk

NEW CREEK PUBLIC SERVICE DISTRICT,

By James T. Fisher

Title Chairman

Attest:

Secretary

PEEVES TAYLOR
ATTORNEY AT LAW
KEYSER, W. VA.

AMENDMENT TO
SEWAGE TREATMENT CONTRACT

This Amendment to the Contract for the sale and purchase of sewage treatment services is made and entered into on this the 31st day of July, 1979, by and between THE CITY OF KEYSER, Keyser, West Virginia 26726, a municipal corporation, hereinafter referred to as party of the first part, and the NEW CREEK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, Post Office Drawer R, Keyser, West Virginia 26726, hereinafter referred to as party of the second part.

WITNESSETH:

WHEREAS, by that certain Instrument dated the 1st day of May, 1975, The City of Keyser, Keyser, West Virginia, a municipal corporation, entered into a Sewage Treatment Contract for the sale and purchase of sewage treatment services with the New Creek Public Service District, a public corporation and political subdivision of the State of West Virginia;

WHEREAS, the parties hereto were advised by the Public Service Commission of the State of West Virginia of the necessity of clarifying the language of certain paragraphs contained in said Contract of May 1, 1975; and,

WHEREAS, the parties hereto are desirous of amending said Contract of May 1, 1975, as hereinafter set forth, to comply with the request of said Public Service Commission.

NOW, THEREFORE, that for and in consideration of the mutual covenants, promises and agreements as hereinafter set forth, the parties hereto do hereby agree as follows:

1. That Paragraph #4 of said Contract of May 1, 1975, is amended to read as follows:

"The party of the second part agrees to pay unto the party of the first part, not later than the 25th day of each month, for sewage waste received by the party of the first part in accordance with the legally constituted rates charged by the party of the first part

ROGERS AND MELODY
ATTORNEYS AT LAW
KEYSER, W. VA.
LAW BUILDING

CITY OF KEYSER, WEST VIRGINIA,

ATTEST:

Harry P. Emmart, Jr.

By Irving T. Parker

Title Mayor

NEW CREEK PUBLIC SERVICE DISTRICT,

ATTEST:

Ralph Hartman

Secretary

By James L. Fisher

Title Chairman

OGERS AND MELODY
ATTORNEYS AT LAW
KEYSER, W. VA.
LAW BUILDING

STEPTOE & JOHNSON
ATTORNEYS AT LAW
SIXTH FLOOR
UNION NATIONAL CENTER EAST
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
TELECOPIER (304) 624-8183

CHARLESTON OFFICE
715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326
(304) 342-2191
TELECOPIER (304) 342-0726

CLARKSBURG
RALPH BOHANNON
ERNEST C. SWIGER
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND
RANDALL C. LIGHT
RICHARD M. YURKO, JR.
GARY W. NICKERSON
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI

CHARLESTON
CHARLES W. YEAGER
CARL F. STUCKY, JR.
OTIS L. O'CONNOR
WAYNE A. SINCLAIR
JAMES R. WATSON
DANIEL R. SCHUDA
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
CHRISTOPHER P. BASTIEN
STEVEN P. McGOWAN
MARTIN R. SMITH, JR.
W. RANDOLPH FIFE

OF COUNSEL
ROBERT W. LAWSON, JR.

WRITER'S DIRECT DIAL NUMBER

September 8, 1987

New Creek Public Service District
Sewer Revenue Bonds,
Series 1987 A

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned bond issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

Walter L. Williams

Walter L. Williams

Enclosure
Copies of letter with enclosure to Ralph L. Hartman, William A. Pallavicini, P.E., Edward N. Henry, P.E., Samme L. Gee, Esquire and Robert C. Melody

09/09/87
NCPSD1-M

Form **8038-G**
(December 1986)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bond Issues

▶ Under Section 149(e)
(Use Form 8038-GC if issue price is under $100,000.)

OMB No. 1545-0720
Expires 12-31-89

Part I Reporting Authority

Check box if **Amended Return** ▶ ☐

1 Issuer's name NEW CREEK PUBLIC SERVICE DISTRICT	2 Issuer's employer identification number 55-0620446
3 Number and street Post Office Box 32	4 Report number G198 7 - 1
5 City or town, state, and ZIP code New Creek, West Virginia 26743	6 Date of issue August 17, 1987

Part II Type of Issue (check box(es) that applies)

		Issue Price
7	Check box if bonds are tax or other revenue anticipation bonds ▶ ☐	
8	Check box if bonds are in the form of a lease or installment sale ▶ ☐	
9	☐ Education	
10	☐ Health and hospital	
11	☐ Transportation	
12	☐ Public safety	
13	☒ Environment (including sewage bonds) Sewer Revenue Bonds	$200,757
14	☐ Housing	
15	☐ Utilities	
16	☐ Other. Describe (see instructions) ▶	

Part III Description of Bonds

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17 Final maturity	10-1-2026	8.38 %	$ 16,288	$ 16,288			
18 Entire issue			$200,757	$200,757	28.94 years		8.41

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

19 Proceeds used for accrued interest	19	-0-
20 Proceeds used for bond issuance costs (including underwriters' discount)	20	$6,424
21 Proceeds used for credit enhancement	21	-0-
22 Proceeds allocated to reasonably required reserve or replacement fund	22	$17,654
23 Proceeds used to refund prior issues	23	-0-
24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24	$176,679

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

25 Enter the remaining weighted average maturity of the bonds to be refunded ▶ _____ years

26 Enter the last date on which the refunded bonds will be called ▶ _____

27 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue ▶ -0-

29 Arbitrage rebate:

a Check box if the small governmental unit exception to the arbitrage rebate requirement applies ☐

b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply ☐

c Check box if you expect to earn and rebate arbitrage profits to the U.S. ☐

30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) ▶ -0-

31 Pooled financings:

a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units ▶ ☐ and enter the amount ▶ _____

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶ ☒ and enter the name of the issuer ▶ West Virginia Water Development Authority and the date of the issue ▶ May 22, 1986

Please Sign Here

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

▶ Signature of officer — August 17, 1987 (Date) — ▶ Chairman (Title)

For Paperwork Reduction Act Notice, see page 1 of the instructions.

OMB NO. 0575-0086

Form FmHA 465-1
(Rev. 10-86)

Position 3

STATE
West Virginia
COUNTY
Mineral
CASE NO.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

TYPE OF LOAN
_____ (SPECIFY)
☐ DIRECT ☑ INSURED

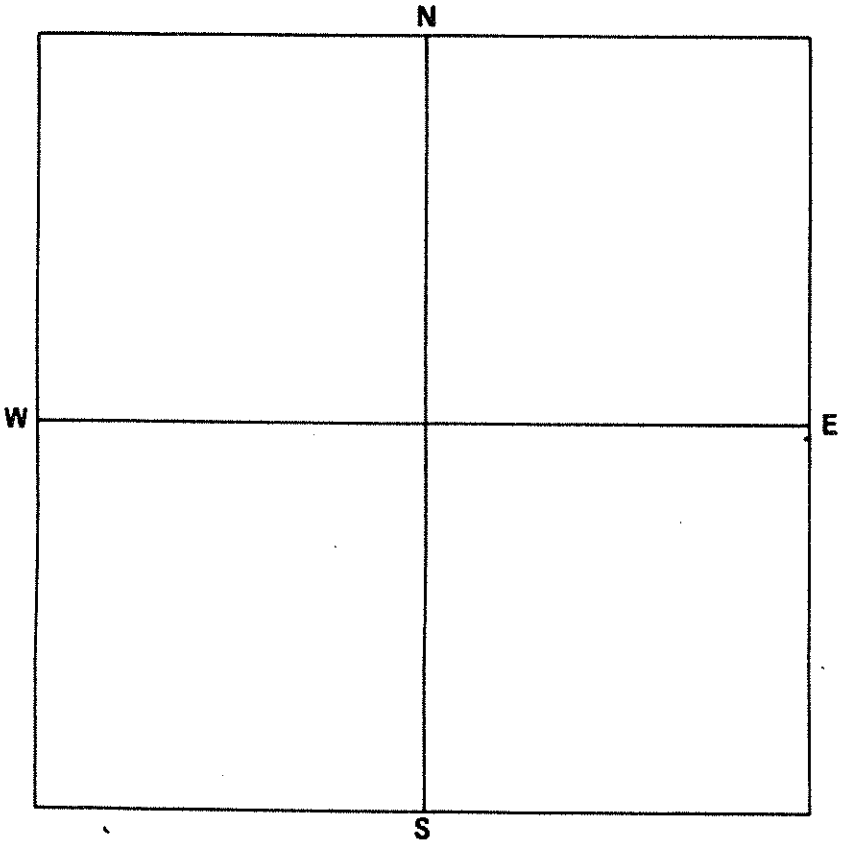
APPLICATION FOR PARTIAL RELEASE, SUBORDINATION, OR CONSENT

The undersigned New Creek Public Service District
(Names of Borrower and Co-Borrower)

whose address *(Including ZIP Code)* is P. O. Box 32, New Creek, WV 26743
in accordance with the terms of the security instruments now held or insured by the Farmers Home Administration on their property, apply for release or subordination of the liens of said security instruments or consent to the following transaction.

Request consent to issue parity Sewer Revenue Bonds
(Description)

1. Plot of Property:



2. Prior lienholders listed in order:

USDA, Farmers Home Administration

3. The prior lien to which subordination is requested is to be held by:

N/A

4. The property to be leased or conveyed to:

N/A

5. Description of property to be covered by the release, subordination, or consent:

$550,000 Sewer Revenue Bond, Series 1984, issued by the New Creek Public Service District, Mineral County, West Virginia and held by USDA, Farmers Home Administration.

6. The use to be made of the property covered by this application is:

New Creek Public Service District requests consent to issue Sewer Revenue Bonds, Series 1986, in the amount of $230,000, on parity with the 1984 issue for the purpose of installing sanitary sewer lines.

This form is used by FmHA borrowers to obtain the consent of the Government to enter into certain transactions as set out in FmHA regulations, to permit junior liens, or to request partial release from the terms of real estate security instruments.

27

7. The anticipated proceeds from this transaction are: Initial payment $ N/A
Subsequent payment(s) $ _____

Other considerations: N/A

8. Subject to the provisions of Paragraph 7 it is proposed to use the proceeds as follows:

N/A

9. Have you or any member, stockholder, partner or joint operator of the entity borrower been convicted under Federal or State law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance since December 23, 1985?
☐ Yes ☒ No

If yes, provide date of conviction and details on a separate sheet.

10. If this application is approved, the undersigned borrowers agree to comply with such terms as may be prescribed by the Farmers Home Administration and to disposition of the proceeds as required by the Farmers Home Administration pursuant to its regulations, including the method of applying payments to the borrowers' loan accounts. It is expressly understood that unless a separate written instrument of subordination or partial release is executed and delivered by the Farmers Home Administration pursuant to this application, approval by the Farmers Home Administration of this application will merely constitute and evidence its consent, as lienholder, to the proposed transaction without in any way subordinating its lien, releasing any of its security, modifying the payment terms of the loan, or otherwise affecting any rights of the Farmers Home Administration.

Date January 13, 1987 Signed [signature]
Ralph L. Hartman, Chairman (Borrower)
New Creek Public Service District

(Co-Borrower)

1. The proposed transaction:
☐ WILL ☒ WILL NOT prevent or make more difficult the successful operation of this property
☐ WILL ☒ WILL NOT reduce the efficiency of the property.
2. The proposed transaction will affect the value of this property as security for the loan as follows:

		Present Market Value
(a) Value of Real Estate Before	(Total System)	$3,038,328.00
(b) Value of Real Estate After	(Total System)	$3,268,328.00
(c) Value of Real Estate Disposed of		-0-

3. The following ☐ damages ☒ benefits will result to this property from the transaction:
Extension of system to serve approximately 100 additional customers.

I hereby recommend that this application be approved and that the proceeds be applied or released as follows:

INITIAL PAYMENT : N/A	SUBSEQUENT PAYMENTS: N/A
$ _____ To extra payment on FmHA loan	$ _____ or _____ % To extra payment on FmHA loan
$ _____ To regular payment on FmHA loan	$ _____ or _____ % To regular payment on FmHA loan
$ _____ To borrower as regular income	$ _____ or _____ % To borrower as regular income
$ _____ To prior lien(s)	$ _____ or _____ % To prior lien(s)
$ _____ Other *(specify)* _____	$ _____ Other *(specify)* _____

Date January 20, 1987 Recommended by [signature]
MAX D. CRUM
Chief, Community Programs
(Title)

Date January 20, 1987 ☒ Approved ☐ Disapproved by [signature]
WILLIAM F. PATTON
Acting State Director
(Title)

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: 8/17/87

(See Reverse for Instructions)

ISSUE: New Creek Public Service District, Sewer Revenue Bonds, Series 1987 A

ADDRESS: P. O. Box 32, New Creek, West Virginia 26743 COUNTY: Mineral

PURPOSE OF ISSUE: New Money X Refunding ___ Refunds issue(s) dated: ___

ISSUE DATE: August 17, 1987 CLOSING DATE: August 17, 1987

ISSUE AMOUNT: $ 200,757 RATE: 8.38%

1st DEBT SERVICE DUE: October 1, 1987 1st PRINCIPAL DUE: October 1, 1989

1st DEBT SERVICE AMOUNT: $2,056.21 PAYING AGENT: Municipal Bond Commission

ISSUERS
BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins
Phone: 624-8000

UNDERWRITERS
BOND COUNSEL: Jackson, Kelley, Holt & O'Farrell
Contact Person: Samme L. Gee
Phone: 340-1000

CLOSING BANK: ___
Contact Person: ___
Phone: ___

ESCROW TRUSTEE: ___
Contact Person: ___
Phone: ___

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Ralph Hartman
Position: Chairman
Phone: 788-5475

OTHER: Water Development Authority
Contact Person: Bernie Yonkosky
Function: ___
Phone: 348-3612

DEPOSITS TO MBC AT CLOSE:
By ___ Wire
X Check

___ Accrued Interest: $ ___
___ Capitalized Interest: $ ___
X Reserve Account: $ 17,654
___ Other: ___ $ ___

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

___ To Escrow Trustee: $ ___
___ To Issuer: $ ___
X To Cons. Invest. Fund: $ 17,654
___ To Other: ___ $ ___

NOTES: ___

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ___
TRANSFERS REQUIRED: ___

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: 8/17/87

(See Reverse for Instructions).

ISSUE: New Creek Public Service District, Sewer Revenue Bonds, Series 1987 B

ADDRESS: P. O. Box 32, New Creek, West Virginia 26743 COUNTY: Mineral

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: August 17, 1987 CLOSING DATE: August 17, 1987

ISSUE AMOUNT: $ 49,243 RATE: -0-

1st DEBT SERVICE DUE: October 1, 1989 1st PRINCIPAL DUE: October 1, 1989

1st DEBT SERVICE AMOUNT: $1,295.92 PAYING AGENT: Municipal Bond Commission

ISSUERS
BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins
Phone: 624-8000

UNDERWRITERS
BOND COUNSEL: Jackson, Kelley, Holt & O'Farrell
Contact Person: Samme L. Gee
Phone: 340-1000

CLOSING BANK: ____
Contact Person: ____
Phone: ____

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Ralph Hartman
Position: Chairman
Phone: 788-5475

OTHER: W Water Development Authority
Contact Person: Bernie Yonkosky
Function: ____
Phone: 348-3612

DEPOSITS TO MBC AT CLOSE:
By ____ Wire
X Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
X Reserve Account: $ 1,297
____ Other: ____ $ ____

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

____ To Escrow Trustee: $ ____
____ To Issuer: $ ____
X To Cons. Invest. Fund: $ 1,297
____ To Other: ____ $ ____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

EXHIBIT 4

WV-47

STATE OF WEST VIRGINIA

PURCHASE ORDER

BUYER: SL

Page 1 of 1 Pages

Req. No: 24

Date: 6-08-84

State Acct. No: 650-5670-18-025-01

Fiscal Year: 84

B. R. Acct. No.:

Department or Institution: Water Development Authority

Vendor Name & Address:

F.E.I.N. 550-536-509-7

TELEPHONE 788-2225

New Creek Public Service District
P. O. Box 459
Keyser, WV 26726

Ship To:
Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Invoice in Quintuplicate to

Same

6/13/84 ms

AGREEMENT

This Agreement constitutes the acceptance of contract made by and between the State of West Virginia by the Commissioner of Finance and Administration for and on behalf of Water Development Authority and New Creek PSD, for a hardship grant for construction of a wastewater collection system.

Service beginning May 24, 19 84 and extending until June 30, 19 84. All in accordance with standard form of agreement attached hereto as a part hereof.

SCHEDULE OF PAYMENT

$ 204,000.00 per agreement C-540301-03

FEE:	$ 204,000.00
TRAVEL EXPENSE:	$
OTHER EXPENSE:	$
TOTAL:	$ 204,000.00

APPROVED AS TO FORM THIS 15 DAY OF June, 19 84.

CHAUNCEY H. BROWNING, JR.
Attorney General

BY [signature]
Assistant Attorney General

STATE OF WEST VIRGINIA
Department of Finance and Administration
ARNOLD T. MARGOLIN

[signature]
Commissioner

Execution of this Agreement by the Commissioner of the Department of Finance and Administration ar Purchasing Director constitutes acceptance by those parties of the terms and conditions contained in the att contract documents and binds the vendor whose signature appears therein to said terms and conditions.

TOTAL AMOUNT OF THIS PURCHASE ORDER $ 204,000.00

APPROVED AS TO PROVISIONS AND TERMS

STATE OF WEST VIRGINIA

Department of Finance and Administration
PURCHASING DIVISION

Kathy P. Klein 6-32

DIRECTOR, PURCHASING DIVISION

TERMS AND CONDITIONS

1. Vendor's Federal Employer Identification Number or Social Security Number, Purchasing Division file number, purchase order number, and name of Spending Unit specified on the purchase order must appear on all invoices, correspondence, containers, drums, shipping tags, bills of lading.

2. AN ORIGINAL TYPED INVOICE AND FOUR COPIES MUST BE SUBMITTED FOR PAYMENT AGAINST THIS PURCHASE ORDER TO SPENDING UNIT DESIGNATED ON THE FACE OF THE PURCHASE ORDER

3. Any request for changes or corrections in the purchase order must be submitted to the Purchasing Division in writing. The unit price on all purchase orders not containing a price adjustment agreement will remain firm for the life of the contract

4. Vendors offering items claimed as equal to those specified on the purchase order, but which are not equal, may be subject to the Purchasing Director's recommendation that the right and privilege of the vendor to bid on State purchases be suspended in accordance with the W.VA. Code, §5A-3-39

5. All tangible property and/or services sold to the State of West Virginia on this purchase order is exempt from consumers sales and service tax or use tax. Vendor's file copy of this order will be accepted by the State Tax Department as an exemption certificate

6. All sales of tangible property and/or services to the State of West Virginia, which are consummated in this State, are subject to West Virginia business and occupation tax

7. All sales to the State of West Virginia are exempt from federal tax under Exemption No. A 108077

8. The State of West Virginia may reject, revoke, or cancel this agreement or any part thereof, and, in the absence of provisions for liquidated damages as set forth in the body of this agreement, shall have the right to recover any and all damages sustained as a result of the vendor's failure to perform, in whole or in part, the terms and conditions of this agreement. The State may withhold from any remittance due the vendor under the terms and conditions of this agreement an amount equal to the damages sustained by such failure of performance on the part of the vendor.

9. The Director of Purchasing reserves the right to cancel this contract upon fifteen (15) days written notice to the vendor, subject to the following qualifications.

   a. Allowances may be made for delays in delivery or performance which are caused by shortages of materials or energy resources, strikes or by other causes beyond the control of the vendor. Provided, however, that the cause of such delay must be direct and that the vendor must submit to the Director of Purchasing, documented proof of the cause of any such delay.

   b. Notwithstanding the above provision, the Director of Purchasing reserves the right to cancel this contract forthwith if the commodities supplied as herein contracted for are of an inferior quality or if the commodities supplied are not in conformity with the specifications of the bid and contract herein. Any deviations from specifications indicated herein must be clearly pointed out, otherwise it will be considered that items offered are in strict compliance with these specifications and successful bidder will be held responsible therefor. Deviations must be explained in detail. Vendors offering items claimed as equal to those specified hereon, but which are not equal, may be removed from the bidders list at the option of the Director of Purchasing

10. PROVIDER agrees that it will comply with Title VI of the Federal Civil Rights Act of 1964 (P.L. 88-352) and the Regulations of the State of West Virginia, to the end that no person in the State, or in the United States, shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Provider receives any recompense or other consideration of value, either directly or indirectly, from the State, and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

    If any real property or structure thereon is provided or improved, this assurance shall obligate the Provider, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which any State payment is extended or for another purpose involving the provision of similar services or benefits. If any other goods or services are so provided, this assurance shall obligate the Provider for the period during which it supplies such goods or services.

    The Provider recognizes and agrees that such right to provide property, goods or services to the State will be extended in reliance on the representations and agreements made in this assurance, and that the State shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Provider, its successor, transferees, and assignee, or any authorized persons on behalf of the Provider

11. FAILURE OF SUCCESSFUL BIDDER TO MAKE DELIVERY AS QUOTED HEREIN WILL BE CONSIDERED SUFFICIENT CAUSE FOR CANCELLATION

12. VENDORS MUST BE PROPERLY REGISTERED WITH THE PURCHASING DIVISION

WDA-5
NO. C-540301-03

RECEIVED
JUN 6 1984
WATER DEVELOPMENT AUTHORITY

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

HARDSHIP GRANT AGREEMENT

1. GRANT RECIPIENT (NAME AND ADDRESS): COUNTY: Mineral

   New Creek Public Service District
   P. O. Box 459
   Keyser, WV 26726

2. GRANT RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

   Mr. Ralph Hartman, Chairman
   New Creek Public Service District
   P. O. Box 459
   Keyser, WV 26726

3. GRANT PAYEE (NAME AND ADDRESS):

   New Creek Public Service District
   P. O. Box 459
   Keyser, WV 26726

4. APPROVED AMOUNT OF GRANT: $ 204,000.00

5. PAYMENTS WILL USUALLY BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

   ALL GRANTS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 19 84, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH GRANT FUNDS ARE TO BE USED:

   Construction of a wastewater collection system.

7. TOTAL COSTS $ 3,235,600

   ELIGIBLE COSTS $ 3,053,320

   FEDERAL (EPA) GRANT AMOUNT $ 2,289,990

   STATE (WDA) HARDSHIP GRANT AMOUNT $ 204,000

8. GRANT OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A HARDSHIP GRANT TO New Creek Public Service District, SUCH GRANT NOT TO EXCEED $ 204,000.00 FOR SUPPORT OF COSTS DESCRIBED IN THIS GRANT AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT.

REPAYMENT OF LOANS. THE GRANT RECIPIENT AGREES TO PROVIDE IMMEDIATE PAYMENT IN FULL OF ANY LOANS AND SERVICE CHARGES DUE THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN ACCORDANCE WITH REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT TO, AND NOT IN BREACH OF, THE PROVISIONS OF SUCH AGREEMENT, OR BY SUBSEQUENT AGREEMENT OF THE PARTIES, OR IN THE EVENT SUCH AGREEMENT IS TERMINATED BY THE APPLICANT WHETHER OR NOT IN BREACH OF THIS AGREEMENT, THE STATE GRANT WILL BE IMMEDIATELY WITHDRAWN.

SPECIAL PROVISIONS: New Creek PSD AGREES TO THE FOLLOWING:

DURING THE CONSTRUCTION OF ITS SEWER FACILITY, THE GRANT RECIPIENT WILL PROVIDE AND MAINTAIN COMPETENT AND ADEQUATE ENGINEERING AND OVERSEEING SERVICES SATISFACTORY TO THE AUTHORITY COVERING THE SUPERVISION AND INSPECTION OF THE DEVELOPMENT AND CONSTRUCTION OF THE PROJECT AND BEARING THE RESPONSIBILITY FOR ENSURING THAT CONSTRUCTION CONFORMS WITH THE APPROVED FINANCING ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS AND CERTIFYING TO THE AUTHORITY, DURING AND AT COMPLETION OF CONSTRUCTION, THAT FINANCING AND CONSTRUCTION ARE IN ACCORDANCE WITH APPROVED FINANCIAL ARRANGEMENTS, SURVEYS, PLANS, PROFILES, CROSS SECTIONS AND SPECIFICATIONS OR APPROVED AMENDMENTS THERETO.

FINANCING OF THE SEWER PROJECT, INCLUDING THE ACQUISITION AND DOCUMENTATION OF ALL FUNDING AS WELL AS INITIATION OF CONSTRUCTION OF THE PROJECT, MUST TAKE PLACE WITHIN 120 DAYS OF THE DATE OF ISSUANCE OF THIS GRANT. FAILURE TO COMPLY WITH THIS REQUIREMENT WILL RESULT IN AUTOMATIC WITHDRAWAL OF THIS GRANT.

GENERAL. THIS GRANT AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL GRANT REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540301-03 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND New Creek PSD OFFERED ON August 1, 1983, AND ACCEPTED ON August 23, 1983.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry

TITLE: Director

SIGNATURE: Edgar N. Henry

DATE: May 11, 1984

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 11th DAY OF May, 19 84.

NOTARY: Barbara Butcher Meadows

COMMISSION EXPIRES: January 17, 1994

10. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Mr. Ralph Hartman, Chairman

TITLE: New Creek Public Service District

SIGNATURE: Ralph L. Hartman

DATE: 5-24-84

STATE OF WEST VIRGINIA, COUNTY OF Mineral.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 24 DAY OF May, 19 84.

NOTARY: Charles D. Fleming

COMMISSION EXPIRES: Feb 9, 1988

NOTE: THE GRANT AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE GRANT OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WV 25064.

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064

(304) 348-3612

August 21, 1987

Mr. Ralph Hartman, Chairman
New Creek Public Service District
P. O. Box 32
New Creek, WV 26743

SUBJECT: Hardship Grant Commitment

This letter will confirm that the Water Development Authority's hardship grant for $204,000 on Purchase Order 24, dated June 8, 1984, for the New Creek Public Service District has been extended until June 30, 1988.

If you should have any questions concerning this matter, please contact me.

Daniel B. Yonkosky

DANIEL B. YONKOSKY - ADMINISTRATIVE ASSISTANT

bbm

c Steptoe & Johnson

29A

NEW CREEK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

ACCEPTANCE OF DUTIES OF REGISTRAR

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with New Creek Public Service District Sewer Revenue Bonds, Series 1987 A and Series 1987 B, all dated August 17, 1987, in the aggregate principal amount of $250,000 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 17th day of August, 1987.

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte L. Morgan
Its Corporate Trust Administrative Officer

08/13/87
NCPSD1-N

NATIONAL BANK OF KEYSER
67 NORTH MAIN ST. P.O. BOX 878 KEYSER, W.Va. 26726 (304) 788-3261
MEMBER FDIC

LINCOLN H. WILKINS
President

NEW CREEK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

THE NATIONAL BANK OF KEYSER, a national banking association, with principal office in Keyser, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Resolution of New Creek Public Service District, adopted August 11, 1987, authorizing issuance of the District's Sewer Revenue Bonds, Series 1987 A and Series 1987 B, both dated August 17, 1987, in the aggregate principal amount of $250,000 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Dated this 17th day of August, 1987.

THE NATIONAL BANK OF KEYSER

By Lincoln H. Wilkins
Its President

4 OFFICES

Keyser, W. Va.
(304) 788-3261
(301) 786-4691

Ridgeley, W. Va.
(304) 738-1500
(301) 777-7464

Fort Ashby, W. Va.
(304) 298-3676
(800) 531-4800

Wiley Ford, W. Va.
(304) 738-2023
(800) 982-8100

NEW CREEK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1987 A and Series 1987 B

CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte S. Morgan, Corporate Trust Administrative Officer of Kanawha Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the $250,000 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B, of New Creek Public Service District (the "Issuer"), hereby certify that on the 17th day of August, 1987, the single fully registered Series 1987 A Bond of the Issuer in the principal amount of $200,757 designated "Sewer Revenue Bond, Series 1987 A," numbered AR-1, and the single fully registered Series 1987 B Bond of the Issuer in the principal amount of $49,243 designated "Sewer Revenue Bond, Series 1987 B," numbered BR-1, were registered as to principal and interest (the Series 1987 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Kanawha Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 17th day of August, 1987.

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte S. Morgan
Its Corporate Trust Administrative Officer

08/13/87
NCPSD1-P

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 17th day of August, 1987, by and between NEW CREEK PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia (the "Issuer"), and KANAWHA VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $250,000 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond Resolution adopted August 11, 1987, and a Supplemental Resolution also adopted August 11, 1987 (collectively, the "Local Act");

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 Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act 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 Local Act, 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 exemption of interest on the Bonds from federal income taxation, 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, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act 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 Local Act 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: New Creek Public Service District
Post Office Box 32
New Creek, West Virginia 26743
Attention: Chairman

REGISTRAR: Kanawha Valley Bank, National Association
One Valley Square
Post Office Box 1793
Charleston, West Virginia 25560
Attention: Corporate Trust Department

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

IN WITNESS WHEREOF, NEW CREEK PUBLIC SERVICE DISTRICT and KANAWHA VALLEY BANK, NATIONAL ASSOCIATION 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.

NEW CREEK ~~PUBLIC~~ SERVICE DISTRICT

By _____
Chairman, Public Service Board

KANAWHA VALLEY BANK, NATIONAL ASSOCIATION

By _____
Its Corporate Trust Administrative Officer

08/13/87
NCPSD1-Q

EXHIBIT A

[Included in transcript as Document No. 1]

SCHEDULE OF COMPENSATION

INVOICE

ONE FINANCIAL PLACE
Kanawha Valley Bank, N.A.

NEW CREEK PUBLIC SERVICE DISTRICT
ATTENTION: CHAIRMAN

DATE: AUGUST 17, 1987

UNITS	ITEM DESCRIPTION	TOTAL
	$250,000 NEW CREEK PUBLIC SERICE DISTRICT SEWER REVENUE BONDS 1987 SERIES A - $200,757 and SERIES B - $49,243	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENICATING AGENT	$500.00

SEND REMITTANCE TO: KANAWHA VALLEY BANK, N.A. ATT: CHARLOTTE S. MORGAN
CORPORATE TRUST DEPARTMENT
P.O. BOX 1793
CHARLESTON, W.VA. 25326-1793

MS-6301

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, National Association, Charleston, West Virginia, the Sewer Revenue Bond, Series 1987 A, of New Creek Public Service District in the principal amount of $200,757, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: August 17, 1987.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Daniel B. Yankoski

Authorized Representative

08/13/87
NCPSD1-V