NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

Date of Closing: January 30, 2001

BOND TRANSCRIPT

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BOND TRANSCRIPT

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NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2001 A

(WEST VIRGINIA SRF PROGRAM)

BOND RESOLUTION

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NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE DESIGN OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT, THE PAYMENT OF CURRENTLY AND PAST DUE INTEREST ON AND PRINCIPAL OF CERTAIN OUTSTANDING BONDS OF THE DISTRICT AND THE FUNDING OF RESERVE ACCOUNTS OF CERTAIN OUTSTANDING BONDS OF THE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $497,857 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE 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 NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation"), supplemental to the Prior Resolutions (as hereinafter defined), is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Northern Wayne County Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Wayne County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be planned and designed certain improvements and extensions to the existing public sewerage facilities of the Issuer, together with all appurtenant facilities, including design of a proposed extension (collectively, along with the payment of currently and past due interest on and principal of, and funding of the Reserve Accounts for, the Prior Bonds, as hereinafter described, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System").

C. As a prerequisite to the issuance of the Series 2001 A Bonds, the holders of the Prior Bonds have required, and the Issuer hereby deems it necessary and desirable, that the currently and past due interest on and principal of the Issuer's Series 1989 A Bonds and Series 1989 C Bonds be paid in full from the proceeds of the Series 2001 A Bonds and that the Reserve Accounts for the Issuer's Series 1989 A Bonds, Series 1989 B Bonds and Series 1989 C Bonds be funded to their respective Reserve Requirements from the proceeds of the Series 2001 A Bonds.

D. The Issuer intends to permanently finance a portion of the costs of design of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

E. It is deemed necessary for the Issuer to issue its Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), in the total aggregate principal amount of not more than $497,857 (the "Series 2001 A Bonds"), to permanently finance portion of the costs of design of the Project, to pay the currently and past due interest on and principal of the Issuer's Series 1989 A Bonds and Series 1989 C Bonds and to fund the Reserve Accounts of the Prior Bonds. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Series 2001 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; paying all currently and past due interest on and principal of the Issuer's Series 1989 A Bonds and Series 1989 C Bonds; funding the Reserve Accounts for the Issuer's Prior Bonds to the respective Reserve Requirements therefor; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other

expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2001 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of design of the Project, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2001 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

F. The period of usefulness of the System is not less than 35 years.

G. It is in the best interests of the Issuer that its Series 2001 A Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "Bond Purchase Agreement"), approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2001 A Bonds as to liens, pledge and source of and security for payment, being the Sewerage System Revenue Bonds, Series 1989 A, dated March 16, 1989, issued in the original aggregate principal amount of $2,354,914 (the "Series 1989 A Bonds"), the Sewerage System Revenue Bonds, Series 1989 B, dated February 15, 1989, issued in the original aggregate principal amount of $1,950,000 (the "Series 1989 B Bonds"), and the Subordinate Sewerage System Revenue Bonds, Series 1989, dated March 16, 1989, issued in the original aggregate principal amount of $349,086 (the "Series 1989 C Bonds"). The Series 1989 A Bonds, the Series 1989 B Bonds and the Series 1989 C Bonds are hereinafter collectively called the "Prior Bonds".

The Series 2001 A Bonds shall be issued on a parity with the Series 1989 A Bonds and the Series 1989 B Bonds and senior and prior to the Series 1989 C Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2001 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the parity test of the Series 1989 A Bonds and the Series 1989 B Bonds is met, (ii) the written consent of the Holders of the Series 1989 A Bonds and the Series 1989 B Bonds to the issuance of the Series 2001 A Bonds on a parity with the Series 1989 A Bonds and the Series 1989 B Bonds and (iii) the written consent of the Holders of the Series 1989 C Bonds to the issuance of the Series 2001 A Bonds on a senior and prior basis to the Series 1989 C Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

J. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the design of the Project and the operation of the System and issuance of the Series 2001 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2001 A Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2001 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2001 A Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2001 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

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

"Bonds" means, collectively, the Series 2001 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2001 A Bonds for all or a portion of the proceeds of the Series 2001 A Bonds from the Authority.

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

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

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" means Woolpert LLP, Ashland, Kentucky, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended;

provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02E hereof to be a part of the cost of design of the Project.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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

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

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

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

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

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

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

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

"Investment Property" means:

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

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

"Net Proceeds" means the face amount of the Series 2001 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2001 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2001 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"New Connection Reserve Account" means the New Connection Reserve Account previously established by Order of the Public Service Commission of West Virginia and continued hereby.

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

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

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2001 A Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1989 A Bonds, the Series 1989 B Bonds and the Series 1989 C Bonds, described in Section 1.02H hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer adopted January 30, 1989, authorizing the Prior Bonds.

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

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

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2001 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2001 A Bonds and the Prior Bonds.

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

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

"Series 1989 A Bonds" means the Sewerage System Revenue Bonds, Series 1989 A, of the Issuer, described in Section 1.02G hereof.

"Series 1989 B Bonds" means the Sewerage System Revenue Bonds, Series 1989 B, of the Issuer, described in Section 1.02G hereof.

"Series 1989 C Bonds" means the Subordinate Sewerage System Revenue Bonds, Series 1989, of the Issuer, described in Section 1.02G hereof.

"Series 2001 A Bonds" means the Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account established in the Series 2001 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2001 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 2001 A Bonds in the then current or any succeeding year.

"Series 2001 A Bonds Sinking Fund" means the Series 2001 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2001 A Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Bond Purchase Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the

Series 2001 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2001 A Bonds, and not so included, may be included in another Supplemental Resolution.

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

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

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

ARTICLE II

AUTHORIZATION OF DESIGN OF THE PROJECT

Section 2.01. Authorization of Design of the Project. There is hereby authorized and ordered the design of the Project, at an estimated cost of not to exceed $497,857. The proceeds of the Series 2001 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer will enter into contracts for the design of the Project, pay the currently and past due principal of and interest on the Series 1989 A Bonds and Series 1989 C Bonds and fund the Reserve Accounts for the Prior Bonds to the respective Reserve Requirements therefor, compatible with the financing plan submitted to the SRF Program.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2001 A Bonds, funding a reserve account for the Series 2001 A Bonds, paying costs of design of the Project not otherwise provided for, paying the currently and past due principal of and interest on the Series 1989 A Bonds and the Series 1989 C Bonds, funding the Reserve Accounts for the Prior Bonds and paying certain costs of issuance of the Series 2001 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2001 A Bonds of the Issuer. The Series 2001 A Bonds shall be issued as a single bond, designated as "Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program)," in the principal amount of not more than $497,857, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 A Bonds remaining after funding of the Series 2001 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2001 A Bonds, if any, shall be deposited in or credited to the Project Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2001 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2001 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2001 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2001 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2001 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2001 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and

being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest, if any, from such date.

Section 3.03. Execution of Bonds. The Series 2001 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2001 A Bonds shall cease to be such officer of the Issuer before the Series 2001 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2001 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2001 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2001 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2001 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2001 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered 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 canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case 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 canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2001 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2001 A Bonds shall ever have the right to

compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2001 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2001 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Series 1989 A Bonds and the Series 1989 B Bonds and senior and prior to the lien on such Net Revenues in favor of the Holder of the Series 1989 C Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2001 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2001 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2001 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2001 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2001 A Bonds to the original purchasers;

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

D. An executed copy of the Bond Purchase Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2001 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2001 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN REVENUE BOND, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated _____, _____.

This Bond is issued (i) to pay the costs of design of certain improvements and extensions to the existing public sewerage facilities of the Issuer, paying all currently and past due interest on and principal of the Issuer's Series 1989 A Bonds and Series 1989 C Bonds

and funding the Reserve Accounts for the Issuer's Prior Bonds to the respective reserve requirements therefor (collectively, 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. The existing public sewerage facilities of the Issuer, the improvements and extensions designed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A, DATED MARCH 16, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,354,914 (THE "SERIES 1989 A BONDS"), AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED FEBRUARY 15, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,950,000 (THE "SERIES 1989 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989, DATED MARCH 16, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $349,086 (THE "SERIES 1989 C BONDS"). THE SERIES 1989 A BONDS, THE SERIES 1989 B BONDS AND THE SERIES 1989 C BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1989 A Bonds and the Series 1989 B Bonds and senior and prior to the pledge of Net Revenues in favor of the holders of the Series 1989 C Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2001 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other

obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

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

IN WITNESS WHEREOF, NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, _____.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, _____.

_____
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved. The Series 2001 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Bond Purchase 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 Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Resolutions);

(2) Renewal and Replacement Fund (established by the Prior Resolutions);

(3) New Connection Reserve Account (established by Order of the Public Service Commission of West Virginia); and

(4) Project Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 1989 A Bonds Sinking Fund (established by the Prior Resolutions);

(2) Within the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account (established by the Prior Resolutions);

(3) Series 1989 B Bonds Reserve Account (established by the Prior Resolutions);

(4) Series 1989 C Bonds Sinking Fund (established by the Prior Resolutions as the Subordinate Bonds Sinking Fund);

(5) Within the Series 1989 C Bonds Sinking Fund, the Series 1989 C Bonds Reserve Account (established by the Prior Resolutions as the Subordinate Bonds Reserve Account);

(6) Series 2001 A Bonds Sinking Fund; and

(7) Within the Series 2001 A Bonds Sinking Fund, the Series 2001 A Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund, the amount required by the Prior Resolutions to pay interest on the Series 1989 A Bonds; and (ii) remit to the National Finance Office designated in the Series 1989 B Bonds, the amount required by the Prior Resolutions to pay interest on the Series 1989 B Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund, the amount required by the Prior Resolutions to pay principal of the Series 1989 A Bonds; (ii) remit to the National Finance Office designated in the Series 1989 B Bonds, the amount required by the Prior Resolutions to pay principal of the Series 1989 B Bonds; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2001 A Bonds, remit to the Commission for deposit in the Series 2001 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2001 A Bonds on the next ensuing quarterly principal payment date; provided that, in

the event the period to elapse between the date of such initial deposit in the Series 2001 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1989 A Bonds Reserve Account, the amount required by the Prior Resolutions; (ii) remit to the Commission, for deposit in the Series 1989 B Bonds Reserve Account, the amount required by the Prior Resolutions; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2001 A Bonds, if not fully funded upon issuance of the Series 2001 A Bonds, remit to the Commission for deposit in the Series 2001 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2001 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2001 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 2001 A Bonds Reserve Requirement.

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

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1989 C Bonds Sinking Fund, the amount required by the Prior Resolutions to pay principal of the Series 1989 C Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1989 C Bonds Reserve Account, the amount required by the Prior Resolutions.

The Issuer hereby covenants and agrees that all interest, principal and reserve account payments of the Prior Bonds and the Series 2001 A Bonds to be made from the Revenue Fund as provided in this Section 5.03 shall be made either by the Depository Bank as agent of the Issuer or by electronic funds transfer, as shall be determined and required by the Holders of the Prior Bonds and the Series 2001 A Bonds.

Moneys in the Series 2001 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2001 A Bonds as the same shall become due. Moneys in the Series 2001 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2001 A Bonds as the same shall come due, when other moneys in the Series 2001 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2001 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2001 A Bonds Reserve Account which result in a reduction in the balance of the Series 2001 A Bonds Reserve Account to below the Series 2001 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2001 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2001 A Bonds Sinking Fund or the Series 2001 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2001 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1989 A Bonds, the Series 1989 B Bonds and the Series 2001 A Bonds, and thereafter, to the Series 1989 C Bonds, all in accordance with the respective principal amounts then outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2001 A Bonds Sinking Fund, including the Series 2001 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2001 A Bonds under the conditions and restrictions set forth herein.

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 the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2001 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not

a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Bond Purchase Agreement.

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Bond Purchase Agreement as Exhibit F, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2001 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 A Bonds, there shall first be deposited with the Commission in the Series 2001 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2001 A Bonds, there shall be deposited with the Commission in the Series 2001 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution to fully fund the Series 2001 A Bonds Reserve Account.

C. Next, from the proceeds of the Series 2001 A Bonds, there shall be deposited with the Commission in the Series 1989 A Bonds Sinking Fund and the Series 1989 C Bonds Sinking Fund, the amounts, if any, set forth in the Supplemental Resolution for the payment of currently and past due principal and interest on the such Bonds.

D. Next, from the proceeds of the Series 2001 A Bonds, there shall be deposited with the Commission in the respective Reserve Accounts for the Prior Bonds, the amounts, if any, set forth in the Supplemental Resolution to fully fund the Reserve Accounts for the Prior Bonds.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 A Bonds, such moneys shall be deposited with the Depository Bank in the Project Fund and applied solely to payment of costs of design of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2001 A Bonds.

F. After completion of design of the Project, as certified by the Consulting Engineers, and all costs have been paid, any

remaining proceeds of the Series 2001 A Bonds shall be used to fund the Series 2001 A Bonds Reserve Account, if not funded upon issuance of the Series 2001 A Bonds, in an amount not to exceed the Series 2001 A Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2001 A Bonds be deposited in the Series 2001 A Bonds Reserve Account. Any remaining proceeds thereafter shall be used as directed in writing by the DEP.

Section 6.02. Disbursements From the Project Fund. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2001 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Project Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) A completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement as Exhibit C, and

(2) A certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

(A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) Each of such costs has been otherwise properly incurred; and

(D) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Project Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2001 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2001 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2001 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2001 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2001 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Series 1989 A Bonds and the Series 1989 B Bonds and senior and prior to the lien on such Net Revenues in favor of the Holder of the Series 1989 C Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2001 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges , with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered March 29, 1996, in Case No. 95-1035-PSD-42T, and such rates are hereby adopted.

So long as the Series 2001 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take

all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2001 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2001 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2001 A Bonds, immediately be remitted to the Commission for deposit in the Series 2001 A Bonds Sinking Fund, 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 of and interest, if any, on the Series 2001 A Bonds. Any balance remaining after the payment of the Series 2001 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $20,000, 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 $20,000 but not in excess of $100,000, 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 $20,000 and not in excess of $100,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $100,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2001 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2001 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2001 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2001 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2001 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the DEP and the Authority under the conditions and in the manner herein provided (unless less restrictive then the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 A Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, 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, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the 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.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2001 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2001 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of designing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as it may reasonably require in connection with the design of the

Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times.

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 Authority and the DEP, or any other original purchaser of the Series 2001 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2001 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make

available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2001 A Bonds, and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2001 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Bond Purchase Agreement, the Act and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Authority and the DEP, or their agents and representatives to enter and inspect the System site and facilities at all reasonable times, and such access thereto as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Bond Purchase Agreement or as promulgated from time to time.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2001 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2001 A Bonds Reserve Account and the Reserve

Accounts for obligations on a parity with or junior to the Series 2001 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2001 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

Commencing on the date contracts are executed for the design of the Project and for two years following the completion of design of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Bond Purchase Agreement as Exhibit B, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

Section 7.11. Engineering Services. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Bond Purchase Agreement, stating, among other things, that the Project will be designed as described in the application submitted to the Authority and the DEP. The Issuer shall employ and retain qualified operating personnel properly certified by the State to operate the System so long as the Series 2001 A Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit

to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier

or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund.

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

(3) WORKER'S COMPENSATION COVERAGE for all employees of or for the System eligible therefor.

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the

Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion of Design; Permits and Orders. The Issuer will cause the Project to be designed as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the operation of the System and all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the operation of the System and issuance of the Series 2001 A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

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

> A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2001 A Bonds during the term thereof is, under the terms of the Series 2001 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a

Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2001 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2001 A Bonds during the term thereof is, under the terms of the Series 2001 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2001 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2001 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2001 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2001 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2001 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2001 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1989 A Bonds and the Series 1989 B Bonds and senior and prior to the statutory mortgage lien in favor of the Holder of the Series 1989 C Bonds.

Section 7.20. Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms, conditions, and requirements of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2001 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2001 A Bonds as a condition to issuance of the Series 2001 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2001 A Bonds as may be necessary in order to maintain the status of the Series 2001 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the

proceeds of the Series 2001 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the West Virginia Infrastructure and Jobs Development Council or the DEP, as the case may be, from which the proceeds of the Series 2001 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the West Virginia Infrastructure and Jobs Development Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2001 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2001 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2001 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2001 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs with respect to the Prior Bonds or the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 2001 A Bonds shall be on a parity with the Holders of the Series 1989 A Bonds and the Series 1989 B Bonds and senior and prior to the Holder of the Series 1989 C Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2001 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 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 2001 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2001 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2001 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2001 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2001 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2001 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2001 A Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2001 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2001 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2001 A Bonds.

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

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

between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted this 29th day of January, 2001.

Chairman

01/21/01
485090/00001

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT on the 29th day of January, 2001.

Dated: January 30, 2001.

[SEAL]

Fred Russell
Secretary

01/22/01
664320/99001

EXHIBIT A

Bond Purchase Agreement included in bond transcript as Document 3.

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM), OF NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT; RATIFYING AND APPROVING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Northern Wayne County Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective January 9, 2001 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE DESIGN OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT, THE PAYMENT OF CURRENTLY AND PAST DUE INTEREST ON AND PRINCIPAL OF CERTAIN OUTSTANDING BONDS OF THE DISTRICT AND THE FUNDING OF RESERVE ACCOUNTS OF CERTAIN OUTSTANDING BONDS OF THE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $497,857 IN AGGREGATE

PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program) (the "Bonds" or the "Series 2001 A Bonds"), of the Issuer, in an aggregate principal amount not to exceed $497,857, and has authorized the execution and delivery of a bond purchase agreement relating to the Bonds (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Bond Purchase Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $497,857. The Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2032, and shall bear no interest. The principal of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002,and ending March 1, 2032, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to .5% of the principal amount of the Series 2001 A Bonds set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

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

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

Section 4. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the

performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

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

Section 7. Series 2001 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2001 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2001 A Bonds proceeds in the amount of $16,595 shall be deposited in the Series 2001 A Bonds Reserve Account.

Section 9. Series 2001 A Bonds proceeds in the amount of $ 192,142.96 shall be deposited in the Series 1989 A Bonds Reserve Account.

Section 10. Series 2001 A Bonds proceeds in the amount of $105,225.00 shall be deposited in the Series 1989 B Bonds Reserve Account.

Section 11. Series 2001A Bonds proceeds in the amount of $61,836.31 shall be deposited in the Series 1989 C Bonds Sinking Fund.

Section 12. Series 2001 A Bonds proceeds in the amount of $8,951.00 shall be deposited in the Series 1989 C Bonds Reserve Account.

Section 13. The balance of the proceeds of the Series 2001 A Bonds shall be deposited in or credited to the Project Fund as received from time to time for payment of costs of design of the Project, including costs of issuance of the Series 2001 A Bonds.

Section 14. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Bond Purchase Agreement on or about January 30, 2001.

Section 15. The design of the Project and the financing thereof in part with proceeds of the Series 2001 A Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 16. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held

by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Series 2001 A Bonds Sinking Fund, including the Series 2001 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 29th day of January, 2001.

NORTHERN WAYNE COUNTY PUBLIC
SERVICE DISTRICT

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT on the 29th day of January, 2001.

Dated: January 30, 2001.

[SEAL]

Fred Russell
Secretary

01/22/01
664320/99001

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

SECOND SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING FOR TRANSFER OF THE RESERVE ACCOUNT FOR SERIES 1989 B BONDS AND AMENDMENT OF PRIOR RESOLUTION TO EFFECT SUCH TRANSFER

WHEREAS, the Northern Wayne County Public Service District (the "Issuer") has previously issued its Sewerage System Revenue Bonds, Series 1989 B, dated February 15, 1989, in the original aggregate principal amount of $1,950,000 (the "Series 1989 B Bonds" or the "Prior Bonds"), and held by the United States Department of Agriculture (the "Purchaser");

WHEREAS, the Series 1989 B Bonds are secured by a reserve account pledged for the payment of principal of and interest on the Series 1989 B Bonds (hereinafter referred to as the "Series 1989 B Bonds Reserve Account"), which account is, pursuant to the resolution of the Issuer adopted on February 15, 1989, authorizing the Prior Bonds (the "Prior Resolution"), held by the Depository Bank;

WHEREAS, the holder of the Series 1989 B Bonds has requested that the Issuer transfer the monies in the Series 1989 B Bonds Reserve Account from the Depository Bank to the West Virginia Municipal Bond Commission (the "Commission");

WHEREAS, the Prior Resolution provides that it may be amended by supplemental resolution with the prior written consent of the Purchaser and such consent has been received by the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this second supplemental resolution (the "Second Supplemental Resolution") be adopted,

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT:

Section 1. The Prior Resolution is amended, as necessary, to reflect the following:

A. The Series 1989 B Bonds Reserve Account is held by the Commission.

B. The Commission is designated as the Fiscal Agent for the administration of the Series 1989 B Bonds Reserve Account as herein provided, and all amounts required for the Series 1989 B Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

C. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required reserve account payment with respect to the Series 1989 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

D. Moneys in the Series 1989 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

E. Earnings from moneys in the Series 1989 B Bonds Reserve Account, so long as the Minimum Reserve is on deposit in each such account and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

F. The Issuer shall remit from the Revenue Fund to the Commission such additional sums as shall be necessary to pay the charges and fees of the Commission then due.

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

Section 2. The Series 1989 B Bonds Reserve Account shall be transferred to the Commission, and the aforementioned amendments relating to the Series 1989 B Bonds Reserve Account shall become effective, concurrently with the issuance by the Issuer of its Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), on or about January 30, 2001.

Section 3. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 29th day of January, 2001.

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Chairman

CH427080.1

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Northern Wayne County Public Service District on the 29th day of January, 2001.

Dated: January 30, 2001.

[SEAL]

Fred Russell
Secretary

01/19/01
664320/99001

SRF-BPA-1
(4/6/00)

BOND PURCHASE AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND BOND PURCHASE AGREEMENT (the "Bond Purchase Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Bureau of Environment (the "DEP"), and the local government designated below (the "Local Government").

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
(Local Government)

W I T N E S S E T H:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to acquire bonds of particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

WHEREAS, the Local Government is included on the DEP State Project Priority List and the Intended Use Plan and has met DEP's pre-application requirements for the Program;

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a wastewater treatment project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Government;

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds 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 the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program; and

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Government, DEP and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

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

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

1.4 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Bond Purchase Agreement.

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

1.6 "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.

1.7 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

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

1.9 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations, as amended.

1.10 "System" means the wastewater treatment facility owned by the Local Government, 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.

1.11 Additional terms and phrases are defined in this Bond Purchase Agreement as they are used.

ARTICLE II

The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Bond Purchase Agreement and the Local Act, the Local Government has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Local Government 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 Local Government, subject to any mortgage lien or other

security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by DEP and the Authority.

2.4 The Local Government agrees that the Authority and DEP and their respective 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 Local Government further agrees that the Authority and DEP and their respective 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 and DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government 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 Local Government shall permit the Authority and DEP, acting by and through their Directors or duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Local Government shall submit to the Authority and DEP such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Local Bonds proceeds or of any State and federal grants or other sources of financing for the Project.

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project

facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) 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 Local Government, 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 Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government 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. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Bond Purchase Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Government hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, DEP or other State, federal

or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

2.12 The Local Government, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to the DEP.

2.13 The Local Government, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward such forms to DEP in compliance with the Local Government's construction schedule.

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to purchase the Local Bonds is subject to the Local Government's fulfillment, to the satisfaction of the Authority and DEP, 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 Local Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Local Bonds will be expended and the procedures as to the disbursement of bond proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Bond Purchase Agreement;

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

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

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

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

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and

DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

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

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, 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 purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase 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 Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

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

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements, established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

ARTICLE IV

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

4.1 The Local Government shall, as one of the conditions of the Authority and DEP to purchase the Local Bonds, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Government in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3)

of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

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

construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

(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 Local Government will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that the Local Government is in compliance with the terms and provisions of the Local Act and this Bond Purchase Agreement and that the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

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

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

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

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

(xxi) That the Local Government shall submit all proposed change orders to the DEP for written approval. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting

Engineer. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

4.2 The Local Bonds shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y 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.

4.4 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 Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be 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 any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to purchase the Local Bonds shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to purchase the Local Bonds.

ARTICLE V

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

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

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

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Local Bonds next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Bond Purchase Agreement, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government 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 Bond Purchase Agreement.

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Bond Purchase 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 purchasing and receiving the Local Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Bond Purchase Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the issuance of the Local Bonds shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the SRF Regulations or this Bond Purchase Agreement.

6.3 The Local Government hereby agrees to repay on or prior to the Date of Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Local Bonds.

6.4 The Local Government 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 Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties,

obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

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

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

ARTICLE VII

Miscellaneous

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

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

7.3 This Bond Purchase 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 Bond Purchase Agreement.

7.4 No waiver by any party of any term or condition of this Bond Purchase 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 Bond Purchase Agreement.

7.5 This Bond Purchase Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Local Bonds and constitutes the entire agreement between the parties hereto in respect thereof.

7.6 By execution and delivery of this Bond Purchase Agreement, notwithstanding the date hereof, the Local Government 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.

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

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

(iii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

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

NORTHERN WAYNE COUNTY PSD
[Name of Local Government]

(SEAL)

By: _____
Its: Chairman

Date: 1/19/01

Attest:

_____
Its Secretary

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: _____
Its: Chief, Office of Water Resources

Date: 1-23-01

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director

Date: January 18, 2001

Attest:

_____
Secretary-Treasurer

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]
[Name of Local Government]
[Name of Bond Issue]
Fiscal Year - __
Report Month: _____

ITEM	CURRENT MONTH	TOTAL YEAR TO DATE	BUDGET YEAR TO DATE	BUDGET YEAR MINUS YEAR TO DATE
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. SRF Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

Witnesseth my signature this ___ day of _____, _____.

[Name of Local Government]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 (1200/12). This is the incremental amount for the Budget Year to Date column.

2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF administrative fee should be included in the operating expenses. Divide the budgeted annual operating expenses by 12. For example, if operating expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 (900/12). This is the incremental amount for the Budget Year to Date column.

3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Government other than this Bond.

4. In Item 4, provide the principal, interest and reserve account payments for this Bond. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.

5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are $12,000, the Renewal and Replacement Fund should have an amount of $300 (2.5% of $12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.

6. The Local Government must complete the Monthly Financial Report and forward it to the DEP by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. DEP will notify the Local Government when the Monthly Financial Report no longer needs to be filed.

EXHIBIT C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP"), dated _____.

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

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

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

WITNESS my signature and seal on this _____ day of _____, _____.

_____

By _____

West Virginia License No. __

[SEAL]

---

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

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

EXHIBIT E

SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT - The Local Government agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, ground breaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The Local Government that receives $300,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. THE PSD agrees to have a "third party" pay all monthly debt service obligations to each parity bond holder.

D. THE PSD must fully pre fund the debt service reserve fund at closing.

E. THE PSD agrees to always maintain the "new connection reserve account" with at least $135,000 being deposited annually from system revenues.

F. THE PSD agrees to always maintain a minimum $750 tap fee over the life of the loan.

G. THE PSD must submit to DEP copies of the quarterly reports on the "new connection reserve account" presently being submitted to the PSC.

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Closing]

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

West Virginia Division of Environmental Protection
617 Broad Street
Charleston, WV 25301

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Government"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated ____, ___, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, ___ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, ____, and ending ____ 1, ____, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the

Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

1. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government enforceable in accordance with the terms thereof.

2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$ 497,857
Purchase Price of Local Bonds	$ 497,857

The Local Bonds shall bear no interest. Commencing June 1, 2002, principal of the Local Bonds is payable quarterly, with an administrative fee of ½%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

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

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

Sewerage System Revenue Bonds, Series 1989 A, dated March 16, 1989, issued in the original aggregate principal amount of $2,354,914; Sewerage System Revenue Bonds, Series 1989 B, dated February 15, 1989, issued in the original aggregate principal amount of $1,950,000; and Subordinate Sewerage System Revenue Bonds, Series 1989, dated March 16, 1989, issued in the original aggregate principal amount of $349,086.

SCHEDULE Y

Northern Wayne County Public Service District (West Virginia)

Loan of $497,857

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: January 30, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	4,149.00	-	4,149.00
9/01/2002	4,149.00	-	4,149.00
12/01/2002	4,149.00	-	4,149.00
3/01/2003	4,149.00	-	4,149.00
6/01/2003	4,149.00	-	4,149.00
9/01/2003	4,149.00	-	4,149.00
12/01/2003	4,149.00	-	4,149.00
3/01/2004	4,149.00	-	4,149.00
6/01/2004	4,149.00	-	4,149.00
9/01/2004	4,149.00	-	4,149.00
12/01/2004	4,149.00	-	4,149.00
3/01/2005	4,149.00	-	4,149.00
6/01/2005	4,149.00	-	4,149.00
9/01/2005	4,149.00	-	4,149.00
12/01/2005	4,149.00	-	4,149.00
3/01/2006	4,149.00	-	4,149.00
6/01/2006	4,149.00	-	4,149.00
9/01/2006	4,149.00	-	4,149.00
12/01/2006	4,149.00	-	4,149.00
3/01/2007	4,149.00	-	4,149.00
6/01/2007	4,149.00	-	4,149.00
9/01/2007	4,149.00	-	4,149.00
12/01/2007	4,149.00	-	4,149.00
3/01/2008	4,149.00	-	4,149.00
6/01/2008	4,149.00	-	4,149.00
9/01/2008	4,149.00	-	4,149.00
12/01/2008	4,149.00	-	4,149.00
3/01/2009	4,149.00	-	4,149.00
6/01/2009	4,149.00	-	4,149.00
9/01/2009	4,149.00	-	4,149.00
12/01/2009	4,149.00	-	4,149.00
3/01/2010	4,149.00	-	4,149.00
6/01/2010	4,149.00	-	4,149.00
9/01/2010	4,149.00	-	4,149.00
12/01/2010	4,149.00	-	4,149.00
3/01/2011	4,149.00	-	4,149.00
6/01/2011	4,149.00	-	4,149.00
9/01/2011	4,149.00	-	4,149.00
12/01/2011	4,149.00	-	4,149.00
3/01/2012	4,149.00	-	4,149.00
6/01/2012	4,149.00	-	4,149.00

Northern Wayne County Public Service District (West Virginia)

Loan of $497,857

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: January 30, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2012	4,149.00	-	4,149.00
12/01/2012	4,149.00	-	4,149.00
3/01/2013	4,149.00	-	4,149.00
6/01/2013	4,149.00	-	4,149.00
9/01/2013	4,149.00	-	4,149.00
12/01/2013	4,149.00	-	4,149.00
3/01/2014	4,149.00	-	4,149.00
6/01/2014	4,149.00	-	4,149.00
9/01/2014	4,149.00	-	4,149.00
12/01/2014	4,149.00	-	4,149.00
3/01/2015	4,149.00	-	4,149.00
6/01/2015	4,149.00	-	4,149.00
9/01/2015	4,149.00	-	4,149.00
12/01/2015	4,149.00	-	4,149.00
3/01/2016	4,149.00	-	4,149.00
6/01/2016	4,149.00	-	4,149.00
9/01/2016	4,149.00	-	4,149.00
12/01/2016	4,149.00	-	4,149.00
3/01/2017	4,149.00	-	4,149.00
6/01/2017	4,149.00	-	4,149.00
9/01/2017	4,149.00	-	4,149.00
12/01/2017	4,149.00	-	4,149.00
3/01/2018	4,149.00	-	4,149.00
6/01/2018	4,149.00	-	4,149.00
9/01/2018	4,149.00	-	4,149.00
12/01/2018	4,149.00	-	4,149.00
3/01/2019	4,149.00	-	4,149.00
6/01/2019	4,149.00	-	4,149.00
9/01/2019	4,149.00	-	4,149.00
12/01/2019	4,149.00	-	4,149.00
3/01/2020	4,149.00	-	4,149.00
6/01/2020	4,149.00	-	4,149.00
9/01/2020	4,149.00	-	4,149.00
12/01/2020	4,149.00	-	4,149.00
3/01/2021	4,149.00	-	4,149.00
6/01/2021	4,149.00	-	4,149.00
9/01/2021	4,149.00	-	4,149.00
12/01/2021	4,149.00	-	4,149.00
3/01/2022	4,149.00	-	4,149.00
6/01/2022	4,149.00	-	4,149.00
9/01/2022	4,149.00	-	4,149.00
12/01/2022	4,149.00	-	4,149.00
3/01/2023	4,149.00	-	4,149.00
6/01/2023	4,149.00	-	4,149.00
9/01/2023	4,149.00	-	4,149.00
12/01/2023	4,149.00	-	4,149.00

Northern Wayne County Public Service District (West Virginia)

Loan of $497,857

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: January 30, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2024	4,149.00	-	4,149.00
6/01/2024	4,149.00	-	4,149.00
9/01/2024	4,149.00	-	4,149.00
12/01/2024	4,149.00	-	4,149.00
3/01/2025	4,149.00	-	4,149.00
6/01/2025	4,149.00	-	4,149.00
9/01/2025	4,149.00	-	4,149.00
12/01/2025	4,149.00	-	4,149.00
3/01/2026	4,149.00	-	4,149.00
6/01/2026	4,149.00	-	4,149.00
9/01/2026	4,148.00	-	4,148.00
12/01/2026	4,148.00	-	4,148.00
3/01/2027	4,148.00	-	4,148.00
6/01/2027	4,148.00	-	4,148.00
9/01/2027	4,148.00	-	4,148.00
12/01/2027	4,148.00	-	4,148.00
3/01/2028	4,148.00	-	4,148.00
6/01/2028	4,148.00	-	4,148.00
9/01/2028	4,148.00	-	4,148.00
12/01/2028	4,148.00	-	4,148.00
3/01/2029	4,148.00	-	4,148.00
6/01/2029	4,148.00	-	4,148.00
9/01/2029	4,148.00	-	4,148.00
12/01/2029	4,148.00	-	4,148.00
3/01/2030	4,148.00	-	4,148.00
6/01/2030	4,148.00	-	4,148.00
9/01/2030	4,148.00	-	4,148.00
12/01/2030	4,148.00	-	4,148.00
3/01/2031	4,148.00	-	4,148.00
6/01/2031	4,148.00	-	4,148.00
9/01/2031	4,148.00	-	4,148.00
12/01/2031	4,148.00	-	4,148.00
3/01/2032	4,148.00	-	4,148.00
Total	497,857.00	-	497,857.00 *

*Plus $313.75 one-half percent administrative fee paid quarterly. Total fee paid over the life of the loan is $37,650.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 29th day of March, 1996.

CASE NO. 95-1035-PSD-42T
NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Lavalette, Wayne County.
In the matter of increased sewer rates and charges.

COMMISSION ORDER

On October 23, 1995, Northern Wayne County Public Service District (District), a public utility, by counsel, tendered for filing revised tariff sheets reflecting increased rates and charges of approximately $131,272 or 14.3% annually, for providing sewer service to approximately 2,050 customers in Wayne County, to become effective December 1, 1995. The District also requested approval of a $2,000 tap fee.

As the Recommended Decision issued by the Administrative Law Judge on February 29, 1996 provided a detailed procedural history of this case and a discussion of the evidence presented at the hearing held on January 19, 1996, we will not reiterate that information here.

We will make note, however, of the evidence presented at the hearing regarding the fact that the District is currently in arrearage with respect to its debt reserve obligations to the West Virginia Water Development Authority and that its proposed rate increase of 14.3% would not would not cure that default, nor would this rate increase allow the District to meet current debt reserve requirements. **Tr. p. 73-74; Tr. p. 281-282.** Staff's proposed rate increase of 30% combined with a tap fee remaining at $250.00 also did not provide significant revenue to reduce the debt reserve arrearage but did provide sufficient revenue for the District to meet its current debt reserve requirements. **Tr. p. 221-222.** According to testimony of Mr. Douglas Olds, it appears that the District is also technically in default of its obligation to make principal payments on its Series C bonds backed by the WDA, although this is unclear from the record. **Tr. p. 282.** Mr. Olds testified that the total debt service and reserve arrearage as of the hearing date totaled approximately $322,000. **Tr. p. 272.** When the arrearage is brought forward to April 1, 1996, Staff has confirmed with the WDA that the District is in default in the amount of $344,095.

We also take note of the fact that the District's tariff filing on October 23, 1995 proposed a tap fee of $2,000 for residential and commercial customer alike and that this was the

filing made available for public inspection pursuant to the public notice regarding this case. Only later, in the District's Initial Brief filed with the Commission on February 13, 1996, did the District request a tap fee differential for residential customers ($2,000) and commercial customers (actual cost).

The ALJ's Recommended Decision approved a 30% rate increase recommended by Commission Staff, denied the District's requested tap fee increase, and eliminated the multiple occupancy clause from the District's tariff. The order also required the District to (i) fund its existing I/A Reserve for New Connections in an amount of $11,250 per month and use such account strictly for the new connections; and (ii) fund its debt service reserve accounts as required by its bond ordinances and maintain the debt service reserve accounts in accordance with said ordinances. The ALJ declined to include Staff's recommendations # 5 and 6 contained in Staff's report on grounds that the District had not willfully violated any Commission order and because the record did not reveal any willful misuse of funds.

The ALJ's Recommended Decision indicated that the primary issue in the case is whether the District should collect the revenue it needs to meet its ongoing expenses by raising its rates by 30% as proposed by Commission Staff or by raising its tap fee to $2,000 with a more moderate rate increase as proposed by the District. The ALJ stated that because the Commission has a long-standing policy against raising this District's tap fees above $250, the ALJ must disallow the tap increase. Having denied the tap increase, the ALJ determined that the 30% rates recommended by Staff should be approved to enable the District to meet its debt and other ongoing obligations, including new connections.

On March 6, 1996, the District issued a letter to its customers informing them that the Public Service Commission had instructed the District to raise rates by 30% instead of raising tap fees as requested by the District and encouraging customers to write letters protesting the rate increase to the Public Service Commission. This letter neglected to explain to customers that the District itself had requested a 14.3% rate increase, and in that respect was misleading to the District's customers.

On March 15, 1996, the District, by counsel, filed its exceptions to that portion of the Recommended Decision denying an increase in tap fees and ordering a rate increase of 30% and requested a "limited hearing" before the Commission to present its views on the significance of the tap fee issue. The District's exceptions also objected to the fact that the 30% rate increase approved by the ALJ "provides nothing for the District to become current on its arrearage to the [WDA]", and noted that rates would have to be raised again to retire the arrearage. **See District Exceptions, p. 3.**

Exceptions were also filed by individual intervenor Patrick C. Myers, a District customer who was granted leave to intervene at the hearing and who participated in all aspects of the hearing. Mr. Myers' also objected to that portion of the Recommended Decision denying an increase in tap fees and ordering a rate increase of 30%.

DISCUSSION

The evidence at the hearing indicates that even if the Commission were to approve the District's proposal of a $2,000 tap fee and a 14.3% rate increase, the District's revenues would be insufficient to meet its ongoing debt service obligations and to cure its debt service and debt reserve arrearage. **Tr. p. 73-74; Tr. p. 281-282.** Adoption of Staff's recommendation of a $250 tap fee and a 30% rate increase would result in the District's ability to fund its current obligations, but would not significantly cure its debt service and reserve arrearage. **Tr. p. 221-222.**

As neither Staff's nor the District's proposal will place the District on financially sound footing, the Commission must arrive at a solution that will.

As was made clear at the hearing and in Staff's brief, the Commission's policy is that tap fees are not normally based solely on the cost of a tap. This policy is due, in part, to the general rule that current customers receive cost benefits when new customers are added to a system. **See Northern Wayne Public Service District Case No. 92-1038-PSD-42T.** We have held that a significant increase in a tap fees unfairly prejudices new customers who hook up after construction of the utility. **Id; See also Northern Wayne Public Service District Case No. 87-568-S-CN.**

The evidence reveals that in comparison to traditional sewer systems the District's grinder pump system is an extremely expensive system, both in terms of initial connection and ongoing maintenance. The District's financial documents and testimony at the hearing show that the average cost to connect a customer is approximately $2,800, which far exceeds average tap costs associated with traditional gravity systems. As pointed out in the District's initial brief, it takes an average of 4.75 years of the average customer's revenues to equal the net cost of connecting that customer, over and above the $250 tap fee paid by that customer. Clearly, this is a longer than normal pay-back period and reduces the expected benefits of adding new customers to share in fixed costs currently paid by existing customers.

The above stated problems associated with this sewer system's customer growth, coupled with the fact that the District is facing a significant and growing deficiency in its debt service payments and debt reserve obligations require a departure from existing

Commission policy.

The highest public utility tap fee approved by the Commission is that for Southern Jackson County in the amount of $750. **Tr. p. 70; Tr. p. 168-69; District Exhibit #3.** We find that given the expensive nature of the District's system and the current financial condition of the District, raising the District's tap fee from $250 to $750 is reasonable as one part of a multiple part financial rehabilitation plan.

Our decision to raise the tap fee to $750 and not to the $2,000 requested by the District, reflects our firm policy that tap fees should not be designed to completely cover the costs of a tap and that increases in tap fees should not be so great as to unfairly discriminate against customers who connect to a system after its initial construction.

Because our decision to increase this District's tap fee is based in large part on the District's inability to fund its debt service requirements and to cure its debt reserve arrearage, the tap fee increase to $750 shall be re-examined by the Commission following the District's cure of its debt reserve arrearage. As discussed below, it is possible that the debt reserve arrearage could be eliminated within the next 6 to 8 years.

Having established the tap fee increase to $750, we must determine the rate increase necessary to enable the District to meet all of its financial obligations including operation and maintenance expenses, taxes, principal and interest payments on long-term debt, debt reserve requirements, a reserve fund for new connections, and a reasonable payment schedule to cure the debt service arrearage. After examining the District's financial information, we have determined that a rate increase of 30% is necessary in order to fund the District's yearly financial obligations in the following amounts: (i) operation and maintenance expenses ($517,422); (ii) taxes ($15,569); (iii) principal and interest payments on long-term debt ($370,975); (iv) debt reserve requirements ($37,098); (v) renewal and replacement reserve requirement ($29,321); (vi) cash reserve to cover costs of new taps ($135,000); (vii) additional cash to cure debt service deficiencies of $24,000, and (viii) a cash surplus to cover normal ongoing plant additions (excluding new taps) and contingencies of $43,442.

Just as the District's failure to fund its debt reserve requirements as required by its own bond resolution was a violation of its obligations, so was its failure to take its debt reserve obligations into account when it filed its rate increase request of only 14.3% with this Commission. The District's own financial data reveals that even if the $2,000 tap fee requested by the District were approved, a rate increase of 19.90% would be necessary to enable the District to simply meet its current financial

obligations (excluding payments to cure its debt reserve arrearage). The District's excuse that it did not take the District's reserve requirements into consideration in its rate request because "it would cause a further rate increase to create a savings" is no justification. **Tr. p. 74.**

The Commission is aware of and sympathetic to the public's opposition to a 30% rate increase in this case. However, this Commission has a duty to ensure that the rates charged by this utility provide sufficient revenue for the utility to meet its operating and debt obligations. The 30% rate increase ordered herein, plus amounts received from tap fees generate sufficient revenue to meet all current cash requirements including current payments of debt service and debt service reserves, leaving excess cash of $232,763. The Commission has allowed this excess cash to fund the following cash purposes:

(1) Payments into the renewal and replacement reserve per series 1989 A and series 1989 B bond indenture requirements $29,321

(2) Additional sinking fund deposits to cover past debt reserve arrearage $24,000

(3) Cash reserves to cover cost of new taps $135,000

(4) Remaining cash surplus to cover normal plan additions other than new taps $43,442

Because the $29,321 renewal and replacement reserve payments will be available to fund the past debt reserve arrearage and because we will additionally require that the $24,000 herein allowed to be used solely for that purpose, all of the deficiencies referred to by Mr. Olds at the hearing should be eliminated in six to eight years. In addition, since the $43,442 may exceed actual plant addition requirements, any excess cash from this source may further reduce the time required for bringing this District into full compliance with its bond indentures.

The Commission anticipates that the District's base rates will be reduced when the District has cured its debt reserve arrearage because it will no longer be necessary to collect the $24,000 per year listed in item (2) above. Accordingly, when the District's debt arrearage has been cured, the District should be required to file a certification to that effect with the Commission which will trigger a rate review of the District's base rates.

FINDINGS OF FACT

1. On October 23, 1995, the District filed revised tariff sheets reflecting increased rates and charges of approximately $131,272 or 14.3% annually and a tap fee increase from $250 to $2,000.

2. The District's October 23, 1995 filing did not propose a tap fee differential for residential customers ($2,000) and for commercial customers (actual cost), although the Initial Brief filed by the District on February 13, 1996 did make such a proposal.

3. The Staff report submitted by Commission Staff recommended that the District's request for an increase in its tap fee be denied and that a rate increase of 30% be approved, as follows: that the rate of $6.79 per 1,000 gallons of metered water usage be increased to $8.83 and the unmetered rate, based on 4,500 gallons of usage, be increased from $30.55 per month to $39.75 per month.

4. The ALJ's Recommended Decision approved a 30% rate increase as recommended by Commission Staff, and denied the District's request for a tap fee increase.

5. On March 6, 1996, the District issued a letter to its customers informing them that the Public Service Commission had instructed the District to raise rates by 30% instead of raising tap fees as requested by the District and encouraging customers to write letters protesting the rate increase to the Public Service Commission. This letter neglected to explain to customers that the District itself had requested a 14.3% rate increase, and in that respect was misleading to the District's customers.

6. Exceptions to the Recommended Decision were filed by the District and an individual intervenor, Mr. Myers.

7. Evidence at the hearing held on January 19, 1996, revealed that the District is currently in default under its debt reserve obligations to the West Virginia Water Development Authority. **Tr. p. 272.** As of April 1, 1996, the District will be in arrears with respect to such debt reserve obligations in the amount of $344,095.

8. Evidence further revealed that the District's requested rate increase of 14.3% combined with its tap fee request of $2,000 would not provide the District with sufficient revenue to fund its current debt reserve requirement or to cure its debt reserve arrearage. **Tr. p. 73-74; Tr. p. 281-282.**

9. Evidence further revealed that the Staff recommended rate

increase of 30% combined with no change in the tap fee would provide the District with sufficient revenue to fund its current debt obligations but would not provide sufficient revenue for the District to cure its debt reserve arrearage. **Tr. p. 221-222.**

10. The District's grinder pump system is an extremely expensive system, both in terms of initial connection and ongoing maintenance. **Tr. p. 97; Tr. p. 162.**

11. The average cost to the District to connect a new customer to its sewer system is approximately $2,800. **Tr. p. 202.**

12. It takes an average of 4.75 years of the average customer's revenues to equal the cost of connecting that customer, over and above the $250 tap fee paid by that customer. **<u>See</u> Initial Brief filed by Petitioner, p. 6 (calculated based on evidence presented at the hearing).**

13. This District has a longer than normal pay-back period with respect to the number of years of the average customer's revenue that is required to equal the net cost of connecting that customer, and this longer pay-back period reduces the expected benefits of adding new customers to share in fixed costs currently paid by existing customers.

14. The highest public utility tap fee approved by the Commission is that for Southern Jackson County in the amount of $750. **Tr. p. 70; Tr. p. 168-169; District Exhibit #3.**

15. The Commission's policy is that tap fees should not be designed to completely cover the costs of a tap and that tap fees should not unfairly discriminate against customers who connect to a system after its initial construction. **<u>Northern Wayne Public Service District</u>, Case No. 92-1038-PSD-42T; <u>Northern Wayne Public Service District</u>, Case No. 87-568-S-CN.**

16. The District's own financial data reveals that even if the $2,000 tap fee requested by the District were approved, a rate increase of 19.90% would be necessary to enable the District to meet all of its financial obligations. **<u>See</u> Petitioner's Rule 42 filing.**

17. The 30% rate increase plus amounts received from tap fees will generate sufficient revenue to meet all current cash requirements including current payments of debt service and debt service reserves, leaving excess cash of $232,763.

18. The Commission has allowed the excess cash of $232,763 to fund the following cash purposes: (1) payments into the renewal and replacement reserve per bond indenture requirements ($29,321); (2) additional sinking fund deposits to cover the past debt reserve

arrearage ($24,000); (3) cash reserves to cover cost of new taps ($135,000); (4) remaining cash surplus to cover normal plant addition other than new taps ($43,442).

19. Because the $29,321 renewal and replacement reserve payments will be available to fund the past debt reserve arrearage and because we additionally require that the $24,000 herein allowed to be used solely for that purpose, all of the deficiencies referred to by Mr. Olds at the hearing should be eliminated in less than seven years. In addition, since the $43,442 may exceed actual plant addition requirements, any excess cash from this source may further reduce the time required for bringing this District into full compliance with its bond indentures.

CONCLUSIONS OF LAW

1. Commission policy is that tap fees are not normally based solely on the costs of a tap and that tap fees should not unfairly discriminate against customers who connect to a system after its initial construction.

2. Problems associated with this District's customer growth, coupled with the fact that this District is facing a significant and growing deficiency in its debt service payments and debt reserve obligations require a departure from Commission policy regarding the $250 tap fee.

3. The expensive nature of the District's system and the current financial condition of the District make raising the District's tap fee from $250 to $750 reasonable as one part of a multiple part financial rehabilitation plan.

4. Our decision to raise the tap fee to $750 and not to the $2,000 requested by the District, reflects our firm policy that tap fees should not be designed to completely cover the costs of a tap and that increases to tap fees should not be so great as to unfairly discriminate against customers who connect to a system after its initial construction.

5. Because our decision to increase this District's tap fee is based in large part on the District's inability to fund its debt reserves and to cure its debt reserve arrearage, the tap fee increase to $750 shall be re-examined by the Commission following the District's cure of its debt reserve arrearage.

6. Because the District's filing on October 23, 1995 did not propose separate tap fees for residential and commercial customers and was the filing subject to public inspection pursuant to the District's public notice in this case, the Commission is not free to set a separate tap fee for residential customers (2,000) and commercial customers (actual cost) as proposed by the District's

Initial Brief filed on February 13, 1996.

7. Having established the tap fee increase to $750, we must determine the rate increase necessary to enable the District to meet all of its financial obligations.

8. After examining the District's financial information, we have determined that a rate increase of 30% is necessary in order to fund the District's yearly financial obligations in the following amounts: (i) operation and maintenance expenses ($517,422); (ii) taxes ($15,569); (iii) principal and interest payments on long-term debt ($370,975); (iv) debt reserve requirements ($37,098); (v) renewal and replacement reserve requirement ($29,321); (vi) cash reserve to cover costs of new taps ($135,000); (vii) additional cash to cure debt reserve deficiencies of $24,000, and (viii) a cash surplus to cover normal ongoing plant additions (excluding new taps) and contingencies of $43,442.

9. The District's failure to take its debt reserve obligations into account when it filed its rate increase request of 14.3% with this Commission was a violation of its bond obligations.

10. When the District's debt arrearage has been cured, the District should be required to file a certification to that effect with the Commission which will trigger a rate review of the District's base rates and the tap fee.

ORDER

IT IS, THEREFORE, ORDERED that the rates and charges appearing on the attached Appendix A to this Order, be approved, to become effective for all service rendered on and after March 31, 1996.

IT IS FURTHER ORDERED that the Northern Wayne County Public Service District file a revised tariff reflecting its new rates and charges, within ten (10) days of the date of this Order.

IT IS FURTHER ORDERED that the District apportion, set apart, and remit to the West Virginia Municipal Bond Commission to be paid against its debt reserve arrearage, monthly payments of $2,000 per month, until the arrearage is paid in full.

IT IS FURTHER ORDERED that the District apportion, set apart, and remit to the West Virginia Municipal Bond Commission and to the Farmers Home Administration, monthly payments of interest and principal, to be placed into its Sinking Funds as required by its bond indentures.

IT IS FURTHER ORDERED that the District apportion, set apart and remit to the West Virginia Municipal Bond Commission and, with

respect to its FHA bonds, to a depository bank, monthly payments to be placed into its debt service Reserve Accounts as required by its bond indentures, and that it maintain the debt service Reserve Accounts in accordance with said indentures.

IT IS FURTHER ORDERED that the District apportion, set apart and remit to the appropriate depository bank(s) to be placed in its Renewal and Replacement Funds the monthly payments as required by its bond indentures and that it maintain the Renewal and Replacement Funds in accordance with said indentures.

IT IS FURTHER ORDERED that the District establish a separate bank account to be known as its "Reserve Account for New Connections, Plant Additions and Contingencies" into which it shall (i) deposit all funds currently in its existing I/A Reserve for New Connections; (ii) make monthly deposits of $11,250 attributable to future revenues for new connections ($135,000 divided by 12 months); (iii) deposit all tap fees collected from new customers; and (iv) make monthly deposits of $3,620 attributable to revenues for cash surplus to cover plant additions (excluding new taps) and contingencies ($43,442 divided by 12 months).

IT IS FURTHER ORDERED that the District use the Reserve Account for New Connections, Plant Additions and Contingencies exclusively to pay for costs associated with new taps, plant additions (excluding new taps) and contingencies.

IT IS FURTHER ORDERED that the District file a quarterly report with the Public Service Commission Public Service District Division, beginning with a report dated July 31, 1996, and continuing with reports dated the last day of each October, January, and April thereafter, showing (i) all monies deposited into the Reserve Account for New Connections, Plant Additions and Contingencies, (ii) all monies withdrawn from such account and the purposes for such withdrawals, and (iii) the current balance in the account. Following each quarterly report dated April 30, until such time as the District's debt reserve arrearage has been paid in full, the Commission shall make a determination as to whether the funds remaining in the Reserve Account for New Connections, Plant Additions and Contingencies should remain in the account or should be paid over to the West Virginia Municipal Bond Commission to be applied against the District's debt reserve arrearage.

IT IS FURTHER ORDERED that within five (5) days of the date that the District cures its debt reserve arrearage to the WDA, the District shall file a certification to that effect with the Commission which will trigger a rate review of the District's base rates and the tap fee.

IT IS FURTHER ORDERED that the revised tariff sheets filed by the District on October 23, 1995, and the revised rates and charges

stated therein, be, and they hereby are, disapproved and stricken from the District's tariff on file with the Commission.

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

ARC.

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT - SEWER
CASE NO. 95-1035-DISTRICT'S-42T
APPROVED TARIFF

APPLICABILITY
Applicable in entire territory served.

AVAILABILITY OF SERVICE
Available for general domestic, commercial and industrial service.

RATE - $8.83 per 1,000 gallons of metered water usage.

UNMETERED RATE - $39.74 per month based on 4,500 gallons usage.

MINIMUM CHARGE
No bill will be rendered for less than $26.49 based on 3,000 gallons usage.

DELAYED PAYMENT PENALTY
The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE - $750.00

WATER DISCONNECT - RECONNECT FEES/ADMINISTRATIVE FEE
Whenever water service has been disconnected by West Virginia-American Water Company for non-payment of sewer bills, a disconnection fee of $20.00 shall be charged; or in the event the delinquent sewer bill is collected by the water company, an administrative fee of $20.00 shall be charged.

Whenever water service which has been previously disconnected by West Virginia-American Water Company or otherwise withheld for non-payment of sewer bills is reconnected, a fee of $20.00 shall be charged.

Whenever water service has been disconnected by the City of Kenova for non-payment of sewer bills, a disconnection fee of $20.00

shall be charged; or in the event the delinquent sewer bill is collected by the City, an administrative fee of $20.00 shall be charged.

Whenever water service which has been previously disconnected by the City of Kenova or otherwise withheld for non-payment of sewer bills is reconnected, a fee of $20.00 shall be charged.

Whenever water service has been disconnected by Lavalette Public Service District for non-payment of sewer bills, a disconnection fee of $15.00 shall be charged; or in the event the delinquent sewer bill is collected by Lavalette Public Service District, an administrative fee of $15.00 shall be charged.

Whenever water service which has been previously disconnected by Lavalette public Service District or otherwise withheld for non-payment of sewer bills is reconnected, a fee of $15.00 shall be charged.

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 1st day of November, 2000.

CASE NO. 97-1229-PSD-PC (Reopened)

NORTHERN WAYNE COUNTY
PUBLIC SERVICE DISTRICT
Petition by counsel for District to reopen proceeding
to approve modified version of agreement. 99-1629-S-PC

COMMISSION ORDER

PROCEDURE AND DISCUSSION

On May 30, 2000, Northern Wayne County Public Service District (District) filed a petition with the Commission to reopen this case for the purpose of approving a modified engineering agreement (Agreement), previously approved by Commission Order entered may 14, 1998, between Woolpert Engineers (Woolpert) and the District. According to the petition, the Agreement has been modified to be consistent with the requirements of the West Virginia Infrastructure and Jobs Development Council.

On July 7, 2000, Commission Staff filed its Initial Joint Staff Memorandum stating that it had requested additional data, in the form of four interrogatories, from the District and would file a final recommendation when it receives the District's response to the request.

On August 25, 2000,the District filed its *Response Of Northern Wayne County PSD To First Set of Interrogatories, Data Request Or Request For Information By Staff Of The Public Service Commission.* The District answered the first interrogatory by stating that as of the filing of the response, the study and report phase has not been completed, nor has Woolpert billed or received any payment for work done on the study and report phase.

The second interrogatory asked if the District was seeking approval for only the Design Phase totaling $87,570 or the entire Engineering agreement totaling $242,654. The District responded by stating, that it is seeking approval of the following phases:

Study and Report	$ 13,536
Preliminary Design	$ 63,000
Final Design	$ 21,000
Bidding and Negotiating	$ 3,570
TOTAL	$101,106

In response to interrogatory no. 3, which asked the District to provide Staff with the details of how the loan approved in Case No. 99-0873-PSD-PC is to be spent, the District stated that the contract for which it is seeking approval herein is the underlying agreement for the design of the project for which the State Revolving Fund (SRF) Loan in Case No. 99-0873-PSD-PC was approved. According to the District, a closing on the loan cannot take place until it receives approval of the engineering agreement. Therefore, the District has not spent any of the $625,000 loan approved in Case No. 99-0873-PSD-PC. The District attached a copy of the Water Development Authority (WDA) Exhibit No. 2 filed in case No. 99-0873-PSD-PC, showing the proper distribution of the loan proceeds. Under the category of Design Loan needs, the WDA has allowed $100,000 for the Estimated design Cost.

Interrogatory number 4 asked the District to provide Staff with confirmation of funding for the project or documentation showing that the District has the funding to pay for the total cost of engineering services. It also states that the following language should be added to the agreement if the District has no confirmation of funding:

> The District will not be held liable for paying the costs of engineering services if the District does not have the funding on hand or has not received its commitment of project funding.

The District responded that Woolpert Engineering will not agree to insert Staff recommended language which would relieve the District from paying the costs of engineering services if the District did not receive the funding. For this reason, the District requests that the Commission approve the agreement contingent upon funding for the design phase of the project being received from the DEP and proof thereof filed with the Commission prior to commencement of service by Woolpert under the agreement.

On October 27, 2000, Commission Staff filed its Final Joint Staff Memorandum recommending approval of the modified engineering agreement for only design services in an amount not to exceed $101,106 between Woolpert Engineers and the District contingent upon the District either receiving its commitment of funding from WDA or adding the language referenced above. Finally, Staff noted that approval of this engineering agreement does not constitute a waiver nor approval of any other statutory requirements such as prefiling and certification.

Public Service Commission
of West Virginia
Charleston

FINDINGS OF FACT

1. On May 30, 2000, Northern Wayne County Public Service District (District) filed a petition with the Commission to reopen this case for the purpose of approving a modified engineering agreement (Agreement), previously approved by Commission Order entered may 14, 1998, between Woolpert Engineers (Woolpert) and the District.

2. On July 7, 2000, Commission Staff filed its Initial Joint Staff Memorandum stating that it had requested additional data, in the form of four interrogatories, from the District and would file a final recommendation when it receives the District's response to the request.

3. On August 25, 2000,the District filed its *Response Of Northern Wayne County PSD To First Set of Interrogatories, Data Request Or Request For Information By Staff Of The Public Service Commission.* The District answered the first interrogatory by stating that as of the filing of the response, the study and report phase has not been completed, nor has Woolpert billed or received any payment for work done on the study and report phase.

4. The second interrogatory asked if the District was seeking approval for only the Design Phase totaling $87,570 or the entire Engineering agreement totaling $242,654. The District responded by stating, that it is seeking approval of the following phases:

Study and Report	$ 13,536
Preliminary Design	$ 63,000
Final Design	$ 21,000
Bidding and Negotiating	$ 3,570
TOTAL	$101,106

5. In response to interrogatory no. 3, which asked the District to provide Staff with the details of how the loan approved in Case No. 99-0873-PSD-PC is to be spent, the District stated that the contract for which it is seeking approval herein is the underlying agreement for the design of the project for which the State Revolving Fund (SRF) Loan in Case No. 99-0873-PSD-PC was approved.

6. Interrogatory number 4 asked the District to provide Staff with confirmation of funding for the project or documentation showing that the District has the funding to pay for the total cost of engineering services. It also stated that certain language should be added to the agreement if the District has no confirmation of funding.

Public Service Commission
of West Virginia
Charleston

7. The District responded that Woolpert Engineering will not agree to insert Staff recommended language which would relieve the District from paying the costs of engineering services if the District did not receive the funding. For this reason, the District requests that the Commission approve the agreement contingent upon funding for the design phase of the project being received from the DEP and proof thereof filed with the Commission prior to commencement of service by Woolpert under the agreement.

8. On October 27, 2000, Commission Staff filed its Final Joint Staff Memorandum recommending approval of the modified engineering agreement for only design services in an amount not to exceed $101,106 between Woolpert Engineers and the District contingent upon the District either receiving its commitment of funding from WDA or adding the language referenced above.

9. Finally, Staff noted that approval of this engineering agreement does not constitute a waiver nor approval of any other statutory requirements such as prefiling and certification.

CONCLUSION OF LAW

It is fair and reasonable to approve the modified engineering agreement, previously approved by Commission Order entered May 14, 1998, between Northern Wayne County Public Service District and Woopert Engineers, for the design phase of engineering services regarding the District's sewer project. This approval shall not constitute a waiver nor approval of any other statutory requirements such as prefiling and certification.

ORDER

IT IS THEREFORE ORDERED that this case, 97-1229-PSD-PC, is hereby reopened for the purpose of approving the modified engineering agreement between Northern Wayne County Public Service District and Woolpert Engineers.

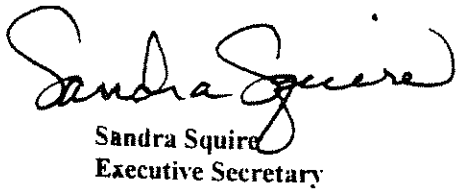
IT IS FURTHER ORDERED that the modified engineering agreement, previously approved by Commission Order entered May 14, 1998, between Northern Wayne County Public Service District and Woolpert Engineers, for the design services only in an amount not to exceed $101,106 and contingent upon the District either receiving its commitment of funding from WDA or adding the language referenced above regarding the District's sewer collection project is hereby approved.

IT IS FURTHER ORDERED that this approval shall not constitute a waiver nor approval of any other statutory requirements such as prefiling and certification.

Public Service Commission
of West Virginia
Charleston

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

A True Copy, Teste:



Sandra Squire
Executive Secretary

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 2nd day of February, 2000.

CASE NO. 99-0873-PSD-PC

NORTHERN WAYNE COUNTY PUBLIC
SERVICE DISTRICT, a public utility.
Petition to borrow money from the
Clean Water State Revolving Loan Fund.

COMMISSION ORDER

PROCEDURE AND DISCUSSION

On June 22, 1999, Northern Wayne County Public Service District (District) petitioned the Commission for approval to borrow money from the Clean Water State Revolving Loan Fund (SRF), administered by the WV Division of Environmental Protection (DEP), in order for the District to arrest the arrearage associated with certain outstanding bonds and to underwrite the design phase of a proposed extension project by the District.

On July 14, 1999, Commission Staff filed its Initial Joint Staff Memorandum questioning why the District would be paying a 1% administrative fee rather than a 0.5% administrative fee under the DEP's extended loan program.

On July 16, 1999, the District informed the Commission it had requested that DEP consider revising their application for a term of 30 years and a 0.5% administrative fee.

On August 18, 1999, Commission Staff filed its Final Joint Staff Memorandum stating that it could not recommend approval of the SRF loan because of certain conditions attached to the loan. Staff requested that the special conditions under which the SRF loan would be obtained be made a part of this proceeding. Once the special conditions are filed, Staff stated it would make a final recommendation.

On August 24, 1999, the District provided the Commission with the conditions under which the SRF loan will be obtained. The Loan Agreement will contain the following special conditions:

1. The District agrees to have a "third party" pay all monthly debt service obligations to each parity bond holder.

2. The District must fully pre fund the debt service reserve fund at closing.

3. The District agrees to always maintain the "new connection reserve account" with at least $135,000 being deposited annually from system revenues.

4. The District agrees to always maintain a minimum $750 tap fee over the life of the loan.

5. The PSD must submit to the DEP copies of the quarterly reports on the "new connection reserve account" presently being submitted to the Commission.

On September 27, 1999, the District advised the Commission that the Rural Utilities Service (RUS) has consented to the issuance of the SRF design loan bonds on parity with the existing RUS debt.

On October 1, 1999, Commission Staff filed its Further Final Joint Staff Memorandum raising certain questions having to do with the stated conditions.

On January 14, 2000, Staff met with counsel for the District and counsel for the WV Division of Environmental Protection. Following this meeting, Staff filed its Further Further Joint Staff Memorandum stating that all issues raised by Staff in the October 1, 1999 Memorandum were satisfactorily resolved. Staff recommended that the Commission approve the petition as soon as possible, as the District is in urgent need to move forward in the matter.

The Commission shall approve the District's petition to borrow money from the Clean Water State Revolving Loan Fund administered by the West Virginia Division of Environmental Protection, with the above-stated conditions.

FINDINGS OF FACT

1. On June 22, 1999, Northern Wayne County Public Service District petitioned the Commission for approval to borrow money from the Clean Water State Revolving Loan Fund (SRF), administered by the WV Division of Environmental Protection (DEP), in order for the District to arrest the arrearage associated with certain outstanding bonds and to underwrite the design phase of a proposed extension project by the District.

2. On July 14, 1999, Commission Staff filed its Initial Joint Staff Memorandum questioning why the District would be paying a 1% administrative fee rather than a 0.5% administrative fee under the DEP's extended loan program.

3. On July 16, 1999, the District informed the Commission it had requested that DEP consider revising their application for a term of 30 years and a 0.5% administrative fee.

4. On August 18, 1999, Commission Staff filed its Final Joint Staff Memorandum stating that it could not recommend approval of the SRF loan because of certain conditions attached to the loan. Staff requested that the special conditions under which the SRF loan would be obtained be made a part of this proceeding.

5. On August 24, 1999, the District provided the Commission with the conditions under which the SRF loan will be obtained.

6. On September 27, 1999, the District advised the Commission that the Rural Utilities Service (RUS) has consented to the issuance of the SRF design loan bonds on parity with the existing RUS debt.

7. On October 1, 1999, Commission Staff filed its Further Final Joint Staff Memorandum raising certain questions having to do with the stated conditions.

8. On January 14, 2000, Staff met with Counsel for the District and Counsel for the WV Division of Environmental Protection. Following this meeting, Staff filed its Further Further Joint Staff Memorandum stating that all issues raised by Staff in the October 1, 1999 Memorandum were satisfactorily resolved.

9. Staff recommended that the Commission approve the petition as soon as possible, as the District is in urgent need to move forward in the matter.

CONCLUSION OF LAW

The Commission finds it to be fair and reasonable to approve the District's petition to borrow money from the Clean Water State Revolving Loan Fund administered by the West Virginia Division of Environmental Protection, with the above-stated conditions.

ORDER

IT IS THEREFORE ORDERED that Northern Wayne County Public Service District's petition to borrow funds from the Clean Water State Revolving Loan Fund, with the conditions outlined by Staff, and stated above, be and hereby is approved.

IT IS FURTHER ORDERED this petition is hereby resolved and shall be removed from the Commission's docket of active cases .

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

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BFE/lfg
990873c.wpd

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
James D. Williams, Vice-Chairman
St. Albans
Lloyd P. Adams, P.E.
Wheeling
James L. Harrison, Sr.
Princeton

1320 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304)558-4609

Susan J. Riggs, Esquire
Executive Secretary

June 5, 1997

Dale Elliott
Northern Wayne County Public Service District
P. O. Box 775
Lavalette, WV 25535

Re: Wastewater System Extension Project (Resubmittal) 95S-094

Dear Mr. Elliott:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Northern Wayne County Public Service District's (District) resubmitted preliminary application regarding its proposed project to extend wastewater service to 290 customers (Project). The Council's previous correspondence to the District regarding the original preliminary application included the Sewer Technical Review Committee's (Committee) comments. Enclosed herein are the Committee's additional comments generated in response to the District's resubmitted application. The District should carefully review the earlier comments and the enclosed comments of the Committee. The District may need to address certain issues raised in said comments as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council determined that the District may be eligible for Infrastructure Fund assistance of approximately $3,077,845. Please notify the Council once the Project design is complete and the District is ready to submit the Project for regulatory approvals. Upon such notification, the Council will review the District's need for funding from the Infrastructure Fund and determine whether a notice of eligibility letter should be issued. The Council's final decision regarding the specific funding of the Project is deferred pending final determination of the Project's eligibility and readiness to proceed, and availability of funds in the Infrastructure Fund. **Please note that this letter <u>does not</u> constitute funding approval from the Council.**

If you have any questions regarding this matter, please contact Susan J. Riggs at (304) 558-4607.

Sincerely,

Russell L. Isaacs

RLI/bh
Enclosures
cc: David Michael

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 30th day of January, 2001, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Northern Wayne County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 30th day of January, 2001, the Authority received the Northern Wayne County Public Service District Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), issued in the principal amount of $497,857, as a single, fully registered Bond, numbered AR-1 and dated January 30, 2001 (the "Bonds").

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of $396,751, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority and the West Virginia Division of Environmental Protection as design of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Chairman

01/19/01
664320/00001

CH416411.1

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith on this 30th day of January, 2001:

(1) Bond No. AR-1, constituting the entire original issue of the Northern Wayne County Public Service District Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), in the principal amount of $497,857, dated January 30, 2001 (the "Bonds"), executed by the Chairman and Secretary of Northern Wayne County Public Service District (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution, both duly adopted by the Issuer on January 29, 2001 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the bond purchase agreement dated January 18, 2001, by and among the West Virginia Water Development Authority (the "Authority"), West Virginia Division of Environmental Protection (the "DEP") and the Issuer (the "Bond Purchase Agreement"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Bond Purchase Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of $396,751, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Chairman

01/22/01
664320/99001

CH416405.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN REVENUE BOND, SERIES 2001 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $497,857

KNOW ALL MEN BY THESE PRESENTS: That NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Wayne 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 FOUR HUNDRED NINETY SEVEN THOUSAND EIGHT HUNDRED FIFTY SEVEN DOLLARS ($497,857), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, as set forth on said EXHIBIT B.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated January 18, 2001.

This Bond is issued (i) to pay the costs of design of certain improvements and extensions to the existing public sewerage facilities of the Issuer, paying all currently and past due interest on and principal of the Issuer's Series 1989 A Bonds and Series 1989 C Bonds and funding the Reserve Accounts for the Issuer's Prior Bonds to the respective reserve requirements therefor (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. The existing public sewerage facilities of the Issuer, the improvements and extensions designed by the Project and any further improvements or extensions thereto are herein called the

"System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on January 29, 2001, and a Supplemental Resolution and a Second Supplemental Resolution each duly adopted by the Issuer on January 29, 2001(collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A, DATED MARCH 16, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,354,914 (THE "SERIES 1989 A BONDS"), AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED FEBRUARY 15, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,950,000 (THE "SERIES 1989 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989, DATED MARCH 16, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $349,086 (THE "SERIES 1989 C BONDS"). THE SERIES 1989 A BONDS, THE SERIES 1989 B BONDS AND THE SERIES 1989 C BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1989 A Bonds and the Series 1989 B Bonds and senior and prior to the pledge of Net Revenues in favor of the holders of the Series 1989 C Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and

maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2001 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

IN WITNESS WHEREOF, NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated January 30, 2001.

[SEAL]

Chairman SPECIMEN

ATTEST:

Secretary SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: January 30, 2001.

BRANCH BANKING AND TRUST COMPANY
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$396,751	01/30/01	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

Northern Wayne County Public Service District (West Virginia)

Loan of $497,857

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: January 30, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	4,149.00	-	4,149.00
9/01/2002	4,149.00	-	4,149.00
12/01/2002	4,149.00	-	4,149.00
3/01/2003	4,149.00	-	4,149.00
6/01/2003	4,149.00	-	4,149.00
9/01/2003	4,149.00	-	4,149.00
12/01/2003	4,149.00	-	4,149.00
3/01/2004	4,149.00	-	4,149.00
6/01/2004	4,149.00	-	4,149.00
9/01/2004	4,149.00	-	4,149.00
12/01/2004	4,149.00	-	4,149.00
3/01/2005	4,149.00	-	4,149.00
6/01/2005	4,149.00	-	4,149.00
9/01/2005	4,149.00	-	4,149.00
12/01/2005	4,149.00	-	4,149.00
3/01/2006	4,149.00	-	4,149.00
6/01/2006	4,149.00	-	4,149.00
9/01/2006	4,149.00	-	4,149.00
12/01/2006	4,149.00	-	4,149.00
3/01/2007	4,149.00	-	4,149.00
6/01/2007	4,149.00	-	4,149.00
9/01/2007	4,149.00	-	4,149.00
12/01/2007	4,149.00	-	4,149.00
3/01/2008	4,149.00	-	4,149.00
6/01/2008	4,149.00	-	4,149.00
9/01/2008	4,149.00	-	4,149.00
12/01/2008	4,149.00	-	4,149.00
3/01/2009	4,149.00	-	4,149.00
6/01/2009	4,149.00	-	4,149.00
9/01/2009	4,149.00	-	4,149.00
12/01/2009	4,149.00	-	4,149.00
3/01/2010	4,149.00	-	4,149.00
6/01/2010	4,149.00	-	4,149.00
9/01/2010	4,149.00	-	4,149.00
12/01/2010	4,149.00	-	4,149.00
3/01/2011	4,149.00	-	4,149.00
6/01/2011	4,149.00	-	4,149.00
9/01/2011	4,149.00	-	4,149.00
12/01/2011	4,149.00	-	4,149.00
3/01/2012	4,149.00	-	4,149.00
6/01/2012	4,149.00	-	4,149.00

Northern Wayne County Public Service District (West Virginia)

Loan of $497,857

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: January 30, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2012	4,149.00	-	4,149.00
12/01/2012	4,149.00	-	4,149.00
3/01/2013	4,149.00	-	4,149.00
6/01/2013	4,149.00	-	4,149.00
9/01/2013	4,149.00	-	4,149.00
12/01/2013	4,149.00	-	4,149.00
3/01/2014	4,149.00	-	4,149.00
6/01/2014	4,149.00	-	4,149.00
9/01/2014	4,149.00	-	4,149.00
12/01/2014	4,149.00	-	4,149.00
3/01/2015	4,149.00	-	4,149.00
6/01/2015	4,149.00	-	4,149.00
9/01/2015	4,149.00	-	4,149.00
12/01/2015	4,149.00	-	4,149.00
3/01/2016	4,149.00	-	4,149.00
6/01/2016	4,149.00	-	4,149.00
9/01/2016	4,149.00	-	4,149.00
12/01/2016	4,149.00	-	4,149.00
3/01/2017	4,149.00	-	4,149.00
6/01/2017	4,149.00	-	4,149.00
9/01/2017	4,149.00	-	4,149.00
12/01/2017	4,149.00	-	4,149.00
3/01/2018	4,149.00	-	4,149.00
6/01/2018	4,149.00	-	4,149.00
9/01/2018	4,149.00	-	4,149.00
12/01/2018	4,149.00	-	4,149.00
3/01/2019	4,149.00	-	4,149.00
6/01/2019	4,149.00	-	4,149.00
9/01/2019	4,149.00	-	4,149.00
12/01/2019	4,149.00	-	4,149.00
3/01/2020	4,149.00	-	4,149.00
6/01/2020	4,149.00	-	4,149.00
9/01/2020	4,149.00	-	4,149.00
12/01/2020	4,149.00	-	4,149.00
3/01/2021	4,149.00	-	4,149.00
6/01/2021	4,149.00	-	4,149.00
9/01/2021	4,149.00	-	4,149.00
12/01/2021	4,149.00	-	4,149.00
3/01/2022	4,149.00	-	4,149.00
6/01/2022	4,149.00	-	4,149.00
9/01/2022	4,149.00	-	4,149.00
12/01/2022	4,149.00	-	4,149.00
3/01/2023	4,149.00	-	4,149.00
6/01/2023	4,149.00	-	4,149.00
9/01/2023	4,149.00	-	4,149.00
12/01/2023	4,149.00	-	4,149.00

Northern Wayne County Public Service District (West Virginia)

Loan of $497,857

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: January 30, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2024	4,149.00	-	4,149.00
6/01/2024	4,149.00	-	4,149.00
9/01/2024	4,149.00	-	4,149.00
12/01/2024	4,149.00	-	4,149.00
3/01/2025	4,149.00	-	4,149.00
6/01/2025	4,149.00	-	4,149.00
9/01/2025	4,149.00	-	4,149.00
12/01/2025	4,149.00	-	4,149.00
3/01/2026	4,149.00	-	4,149.00
6/01/2026	4,149.00	-	4,149.00
9/01/2026	4,148.00	-	4,148.00
12/01/2026	4,148.00	-	4,148.00
3/01/2027	4,148.00	-	4,148.00
6/01/2027	4,148.00	-	4,148.00
9/01/2027	4,148.00	-	4,148.00
12/01/2027	4,148.00	-	4,148.00
3/01/2028	4,148.00	-	4,148.00
6/01/2028	4,148.00	-	4,148.00
9/01/2028	4,148.00	-	4,148.00
12/01/2028	4,148.00	-	4,148.00
3/01/2029	4,148.00	-	4,148.00
6/01/2029	4,148.00	-	4,148.00
9/01/2029	4,148.00	-	4,148.00
12/01/2029	4,148.00	-	4,148.00
3/01/2030	4,148.00	-	4,148.00
6/01/2030	4,148.00	-	4,148.00
9/01/2030	4,148.00	-	4,148.00
12/01/2030	4,148.00	-	4,148.00
3/01/2031	4,148.00	-	4,148.00
6/01/2031	4,148.00	-	4,148.00
9/01/2031	4,148.00	-	4,148.00
12/01/2031	4,148.00	-	4,148.00
3/01/2032	4,148.00	-	4,148.00
Total	497,857.00	-	497,857.00 *

*Plus $313.75 one-half percent administrative fee paid quarterly.
Total fee paid over the life of the loan is $37,650.

(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:

_____

01/23/01
664320/99001

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

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Writer's Contact Information

January 30, 2001

Northern Wayne County Public Service District
Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

Northern Wayne County Public Service District
Lavalette, West Virginia

West Virginia Water Development
Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Northern Wayne County Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $497,857 Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a bond purchase agreement, dated January 18, 2001, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending March 1, 2032, all as set forth in the "Schedule Y," attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds.

TERRALEX
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The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of design of certain improvements and extensions to the existing public sewerage facilities of the Issuer, paying all currently and past due interest and principal of the Issuer's Series 1989 A Bonds and Series 1989 C Bonds and funding the reserve accounts for the Issuer's Prior Bonds to the respective reserve requirement therefor (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on January 29, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 29, 2001 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Bond Purchase Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewerage System Revenue Bonds, Series 1989 A, dated March 16, 1989, and Sewerage System Revenue Bonds, Series 1989 B, dated February 15, 1989, and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Subordinate Sewerage System Revenue Bonds, Series 1989, dated March 16, 1989, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

01/23/01
664320/99001

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code: | 5 Maturity date (if any): 03/01/32

1 Debtor(s) (Last Name First) and address(es)	2 Secured Party(ies) and address(es)	For Filing Officer (Date, Time, Number and Filing Office)
NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT Post Office Box 775 Layalette, West Virginia 25535	WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 180 Association Drive Charleston, West Virginia 25311	Attachment 0554301 01 JAN 31 PM 12: 19 WV SEC. OF STATE FILED

4 This financing statement covers the following types (or items) of property:

- See Schedule I attached hereto and made a part hereof.

ASSIGNEE OF SECURED PARTY

Check ☒ if covered: ☒ Proceeds of Collateral are also covered ☒ Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Secretary of State of the State of West Virginia

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

By [signature]
Signature(s) of Debtor(s)
Its: Chairman

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By [signature]
Signature(s) of Secured Party(ies)
Its: Director

2 FILING OFFICER COPY - NUMERICAL

SCHEDULE I
TO NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT FINANCING STATEMENT

All Net Revenues from the System; the System; all funds in the Revenue Fund, the Renewal and Replacement Fund, the Project Fund, the Series 2001 A Bonds Sinking Fund; the Series 2001 A Bonds Reserve Account; and all funds therein deposited from time to time; and all proceeds of the foregoing.

For the purposes of this financing statement, these terms are defined as follows:

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating 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.

"Project Fund" means the Project Fund created by the Prior Resolution and continued hereby.

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

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

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account established by Section 5.02 of the Bond Resolution as described below.

"Series 2001 A Bonds Sinking Fund" means the Series 2001 A Bond Sinking Fund established by Section 5.02 of the Bond Resolution as described below.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

Other terms used in this Schedule I and not defined herein shall have the meanings ascribed to them in the Bond Resolution authorizing the Northern Wayne County Public Service District Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), a copy of which is on file and may be inspected at the office of the Secured Party indicated above.

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

CERTIFICATE OF FILING OF
FINANCING STATEMENT - SECRETARY OF STATE

I, Joseph Manchin, III, Secretary of State of the State of West Virginia, hereby certify that on January 31, 2001, at the hour set forth below, there was filed in my office:

(1) A FINANCING STATEMENT between Northern Wayne County Public Service District, as debtor, and West Virginia Water Development Authority, as secured party, filed at the hour of 12:19 P.m. as Financing Statement No. 554301.

[SEAL]

Secretary ~~of State~~ of the State of West Virginia

01/19/01
664320/99001

CH421102.1

10B

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

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Writer's Contact Information

January 30, 2001

Northern Wayne County Public Service District
Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

Northern Wayne County Public Service District
Lavalette, West Virginia

West Virginia Water Development
Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Northern Wayne County Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $497,857 Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a bond purchase agreement, dated January 18, 2001, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending March 1, 2032, all as set forth in the "Schedule Y," attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds.

TERRALEX
Member of the Worldwide Network of Independent Law Firms℠

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of design of certain improvements and extensions to the existing public sewerage facilities of the Issuer, paying all currently and past due interest and principal of the Issuer's Series 1989 A Bonds and Series 1989 C Bonds and funding the reserve accounts for the Issuer's Prior Bonds to the respective reserve requirement therefor (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on January 29, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 29, 2001 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Bond Purchase Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewerage System Revenue Bonds, Series 1989 A, dated March 16, 1989, and Sewerage System Revenue Bonds, Series 1989 B, dated February 15, 1989, and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Subordinate Sewerage System Revenue Bonds, Series 1989, dated March 16, 1989, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

01/23/01
664320/99001

Thomas M. Plymale
Scott D. Maddox

PLYMALE & MADDOX, PLLC
4334 Piedmont Road
Huntington, WV 25704

Telephone: 304-429-5080
Facsimile 304-429-5082

January 30, 2001

Northern Wayne County Public Service District
Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

Northern Wayne County Public Service District
Lavalette, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of Environmental Protection
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to Northern Wayne County Public Service District, a public service district in Wayne County, West Virginia (the "Issuer"). As such counsel, we have examined a copy of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a bond purchase agreement dated January 18, 2001, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP") and the Issuer, the Bond Resolution duly adopted by the Issuer on January 29, 2001, the Supplemental Resolution duly adopted by the Issuer on January 29, 2001 (collectively, the "Bond Legislation"), and orders of The County Commission of Wayne County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

We are of the opinion that:

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

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

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

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

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the design of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Wayne County, the DEP, and the West Virginia Infrastructure and Jobs Development Council. We offer no opinion as to any matters relating to the Public Service Commission of West Virginia.

7. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond Purchase Agreement, the Bonds, the Bond Legislation, the design, acquisition and construction of the Project, the 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,

Plymale & Maddox, PLLC

LAW OFFICES
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1210 BANK ONE CENTER
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January 30, 2001

Northern Wayne County Public Service District
Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

Northern Wayne County Public Service District
Lavalette, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of Environmental
Protection
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am special counsel to Northern Wayne County Public Service District, a public service district in Wayne County, West Virginia (the "Issuer"). As such counsel, I have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds (the "Bonds") and the design of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

I am of the opinion that:

The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Commission Order of the Public Service Commission of West Virginia entered on March 29, 1996, in Case No. 95-1035-PSD-42T, among other things, approving rates and charges for the services of the System, the Commission Order of the Public Service Commission of West Virginia entered November 1, 2000, in Case No. 97-1229-PSD-PC (Reopened), approving the modified engineering

agreement for the design of the Project, and the Commission Order of the Public Service Commission of West Virginia entered on February 2, 2000, in Case No. 99-0873-PSD-PC, among other things, approving the financing for the design of the Project. The time for rehearing and appeal of the aforementioned Orders has expired prior to the date hereof.

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

Very truly yours,

ROBERT R. RODECKER, ESQUIRE

RRR/bg

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. MEETINGS, ETC.
8. INSURANCE
9. LOAN AGREEMENT
10. PUBLIC SERVICE COMMISSION ORDERS
11. SIGNATURES AND DELIVERY
12. BOND PROCEEDS; OTHER FUNDING
13. PUBLICATION
14. SPECIMEN BONDS
15. CONFLICT OF INTEREST
16. CLEAN WATER ACT
17. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Northern Wayne County Public Service District in Wayne County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with the $497,857 Issuer's Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 2001 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted January 29, 2001, and a Supplemental Resolution of the Issuer duly adopted January 29, 2001 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or

delivery of the Bonds, the design of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the design of the Project, the operation of the System, or the collection of the Net Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the design of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. The Issuer has procured the services of the Consulting Engineers in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

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 Bond Purchase Agreement, and the Issuer has met all conditions prescribed in the Bond Purchase Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to design the Project.

There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2001 A Bonds as to liens, pledge and source of and security for payment, being the Sewerage System Revenue Bonds, Series 1989 A, dated March 16, 1989, issued in the original aggregate principal amount of $2,354,914 (the "Series 1989 A Bonds"), the Sewerage System Revenue Bonds, Series 1989 B, dated February 15, 1989, issued in the original aggregate principal amount of $1,950,000 (the "Series 1989 B Bonds"), and the Subordinate Sewerage System Revenue Bonds, Series 1989, dated March 16, 1989, issued in the original aggregate principal amount of $349,086 (the "Series 1989 C Bonds"). The Series 1989 A Bonds, the Series 1989 B Bonds and the Series 1989 C Bonds are hereinafter collectively referred to as the "Prior Bonds". The Series 2001 A Bonds shall be issued on a parity with the Series 1989 A Bonds and the Series 1989 B Bonds and senior and prior to the Series 1989 C Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the parity tests of the Series 1989 A Bonds and the Series 1989 B Bonds are met;(ii) the written consent of the Holders of the Series 1989 A Bonds and the Series 1989 B Bonds to the issuance of the Series 2001 A Bonds on a parity with the Series 1989 A Bonds and the Series 1989 B Bonds; and (iii) the written consent of the Holders of the Series 1989 C Bonds to the issuance of the Series 2001 A Bonds on a senior and prior basis to the Series 1989 C Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured

by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

Bond Purchase Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation of District

County Commission Orders

Oaths of Office of Current Board Members

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

Series 1989 A Bond Resolution and Supplemental Resolution

Series 1989 B Bond Resolution and Supplemental Resolution

Series 1989 Bond Resolution and Supplemental Resolution

Consent of Series 1989 A and Series 1989 C Bondholder

Consent of Series 1989 B Bondholder

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Northern Wayne County Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Wayne County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 2 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Steven L. Thompson	July 31, 1998	August 1, 2004
Fred Russell	July 31, 1995	August 1, 2001

The Public Service Board currently has 1 vacancy.

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2001 are as follows:

Chairman	-	Steven L. Thompson
Secretary/Treasurer	-	Fred Russell

The duly appointed and acting counsel to the Issuer is Thomas M. Plymale, Esquire, of Wayne, West Virginia. The duly appointed and acting special counsel to the Issuer for matters before the Public Service Commission of West Virginia is Robert R. Rodecker, Esquire, of Charleston, West Virginia.

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

8. INSURANCE: All insurance for the System required by the Bond Legislation is in full force and effect.

9. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of

a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreement.

10. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on March 29, 1996, in Case No. 95-1035-PSD-42T, among other things, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on November 1, 2000, in Case No. 97-1229-PSD-PC (Reopened), approving the modified engineering agreement for the design of the Project. The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on February 2, 2000, in Case No.99-0873-PSD-PC, among other things, approving the financing for the design of the Project. The time for appeal of such Orders has expired prior to the date hereof without any appeal.

11. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered AR-1, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Bond Purchase Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

12. BOND PROCEEDS: On the date hereof, the Issuer received $396,751 from the Authority and the DEP, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

13. [RESERVED]

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

15. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest"

shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

16. CLEAN WATER ACT: The Project as described in the Bond Resolution complies with Sections 208 and 303(e) of the Clean Water Act.

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

WITNESS our signatures and the official seal of NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT on this 30th day of January, 2001.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
Fred Russell	Secretary
_____	Counsel to Issuer

01/23/01
664320/99001

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Steven D. Cole, Registered Professional Engineer, West Virginia License No.10436, of Woolpert LLP, Consulting Engineers, in Ashland, Kentucky, hereby certify as follows:

1. My firm is engineer for the design of certain additions, betterments and improvements (the "Project") to the existing public sewerage facilities (the "System") of Northern Wayne County Public Service District (the "Issuer") in Cabell County, West Virginia, which design is being financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution and the Supplemental Resolution, both adopted by the Issuer on January 29, 2001, and the Bond Purchase Agreement, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP"), dated January 18, 2001 (the "Bond Purchase Agreement").

2. The Bonds are being issued for the purposes of (i) paying the costs of design of certain improvements and extensions to the existing public sewerage facilities of the Issuer, paying all currently and past due interest on and principal of the Issuer's Series 1989 A Bonds and Series 1989 C Bonds and funding the Reserve Accounts for the Issuer's Prior Bonds to the respective reserve requirements therefor; (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the design of the Project, the Project will be designed by Woolpert LLP, Consulting Engineers, as described in the application submitted to the DEP and the Authority, requesting the Authority to purchase the Bonds (the "Application"); (ii) the Project will be adequate for its intended purpose and when constructed, will have an estimated useful life of at least 35 years; (iii) prior to construction, my firm will assist the Issuer in obtaining all applicable permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (iv) in reliance upon the certificate of the Issuer's certified public accountant, Somerville & Company, P.L.L.C., as of the effective date thereof, the rates and charges for the System as adopted by the Issuer are sufficient to

comply with the provisions of the Bond Purchase Agreement; (v) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto, are sufficient to pay the costs of design of the Project as set forth in the Application; and (vi) attached hereto as Exhibit A is the final amended "Schedule A - Estimated Total Cost of Project, Sources of Funds and Cost of Financing" for the design of the Project.

WITNESS my signature and seal on this 30th day of January, 2001.

[SEAL]

WOOLPERT LLP,

Steven D. Cole, P.E.
West Virginia License No. 10436

01/22/01
664320/99001

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Northern Wayne County PSD

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1.	Construction	$ 0		
2.	Technical Services	$ 101,106	(Through Bidding Phase)	
3.	Legal and Fiscal	$ 0		
4.	Administrative	$ 0		
*5.	Site and Other Lands	$ 0		
**6.	Fac. Plan/Design or Other Loan Repayment (Specify Type: WDA/RD Delinquency	$ 368,156	(WDA $262,931 – RD $105,225)	
7.	Interim Financing Costs	$ 0		
8.	Contingency	$ 0		
9.	Total of Lines 1 Through 8			$ 469,262

B. Sources of Funds

10.	Federal Grants:[1]	$ 0	
	(Specify Sources)	$	
11.	State Grants:[1]	$ 0	
	(Specify Sources)	$	
12.	Other Grants:[1]	$ 0	
	(Specify Sources)	$	
13.	Any Other Source[2]	$ 0	
	(Specify)	$	
14.	Total of lines 10 Through 13		$ 0
15.	Net Proceeds Required from Bond Issue (Line 9 minus Line 14)		$ 469,262

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	$ 0	
17.	Funded Reserve Account:[3]	$ 16,595	
18.	Other Costs:[4]	$ 12,000	
		$	
19.	Total Cost of Financing (lines 16-18)	$ 28,595	
20.	Size of Bond Issue (Line 15 plus Line 19)		$ 497,857

* not allowable for State Revolving Fund Assistance

** WDA loans are not allowable

Signature of Applicant
Steven L. Thompson, Sec/Treas

Date 1/12/01

Signature of Consulting Engineer
Steven D. Cole, P.E.

Date 1/9/01

PARTNERS:

CLIFTON L. LOONEY, JR., CPA
MARK E. RICHARDSON, CPA
FLOYD E. HARLOW, JR., CPA
LISA L. O'DELL, CPA
SUSAN K. RICHARDSON, CPA
BARRY L. BURGESS, CPA

Somerville & Company, P.L.L.C.

Certified Public Accountants

SOMERVILLE BUILDING
501 FIFTH AVENUE
P. O. BOX 2096
HUNTINGTON, WV 25721

(304) 525-0301
FAX (304) 522-1569
EMAIL firm@s-co.com
www.s-co.com

January 30, 2001

Northern Wayne County Public Service District
Sewerage System Design Revenue Bonds
Series 2001 A (West Virginia SRF Program)

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

West Virginia Division of Environmental Protection
617 1/2 Leon Sullivan Way
Charleston, West Virginia 25301

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Commission Order of the Public Service Commission of West Virginia entered March 29, 1996, in Case No. 95-1035-PSD-42T, and the current operation and maintenance expenses and the existing number of customers as furnished to us by Woolpert Consultants, Incorporated, Consulting Engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of Northern Wayne County Public Service District (the "Issuer"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program) (the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by or payable from the revenues of the System, on a parity with or junior to the Bonds, including all Prior Bonds of the Issuer as defined and described in the Bond Resolution of the Issuer adopted January 29, 2001, authorizing the Bonds. It is our further opinion that the Net Revenues actually derived from the System during 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Bonds.

Very truly yours,

Somerville & Company P.L.L.C.

MEMBERS

- AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- WEST VIRGINIA, OHIO AND KENTUCKY SOCIETIES OF CERTIFIED PUBLIC ACCOUNTANTS
- DIVISION FOR CPA FIRMS SEC PRACTICE SECTION PRIVATE COMPANIES PRACTICE SECTION
- TAX DIVISION OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- CPA ASSOCIATES WITH OFFICES IN PRINCIPAL U.S. AND INTERNATIONAL CITIES

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Northern Wayne County Public Service District in Wayne County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $497,857 Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), of the Issuer, dated January 30, 2001 (the "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on January 29, 2001 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on January 30, 2001, the date on which the Bonds are being physically delivered in exchange for an initial advance of $396,751, being a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), the West Virginia Infrastructure and Jobs Development Council (the "Council") or the West Virginia Division of Environmental Protection (the "DEP"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Bonds were sold on January 30, 2001, to the Authority, pursuant to a loan agreement dated January 18, 2001, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $497,857 (100% of par). No accrued interest has been or will be paid on the Bonds.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of design of certain improvements and extensions to the existing public sewerage facilities of the Issuer, paying all currently and past due interest on and principal of the Issuer's Series 1989 A Bonds and Series 1989 C Bonds and funding the Reserve Accounts for the Issuer's Prior Bonds to the respective reserve requirements therefor; (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

7. The Issuer has entered into an Agreement for Engineering Services with the Consulting Engineer prior to the date hereof. The proceeds of the Bonds allocated to the design of the Project will be used to pay the fees incurred by the Issuer under the aforementioned Agreement for Engineering Services. Design of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before November 1, 2001. Design of the Project is expected to be completed by August 1, 2001.

8. The total cost of design of the Project financed from the proceeds of the Bonds is estimated at $497,857. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Bonds	$497,857.00
Issuer's Funds	$ -0-
Total Sources	$497,857.00

USES

Design of Project	$101,106.73
Fund Series 2001 A Bonds Reserve Account	$ 16,595.00

Pay Outstanding Principal of Series 1989 C Bonds	$ 61,836.31
Fund Series 1989 A Bonds Reserve Account	$192,142.96
Fund Series 1989 B Bonds Reserve Account	$105,225.00
Fund Series 1989 C Bonds Reserve Account	$ 8,951.00
Costs of Issuance	$ 12,000.00
Total Uses	$497,857.00

The amount of the costs of design of the Project is estimated to be at least equal to the gross proceeds of the Bonds.

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2001 A Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) New Connection Reserve Account;

(4) Project Fund;

(5) Series 1989 A Bonds Sinking Fund;

(6) Within the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account;

(7) Series 1989 B Bonds Reserve Account;

(8) Series 1989 C Sinking Fund;

(9) Within the Series 1989 C Bonds Sinking Fund; the Series 1989 C Bonds Reserve Account;

(10) Series 2001 A Bonds Sinking Fund; and

(11) Within the Series 2001 A Bonds Sinking Fund, the Series 2001 A Bonds Reserve Account.

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

(1) Bond proceeds in the amount of $-0- will be deposited in the Series 2001 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during design of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of $16,595.00 will be deposited in the Series 2001 A Bonds Reserve Account.

(3) Bond proceeds in the amount of $61,836.31 will be deposited in the Series 1989 C Bonds Sinking Fund to pay currently and past due principal of the Series 1989 C Bonds.

(4) Bond proceeds in the amount of $192,142.96 will be deposited in the Series 1989 A Bonds Reserve Account.

(5) Bond proceeds in the amount of $105,225.00 will be deposited in the Series 1989 B Bonds Reserve Account.

(6) Bond proceeds in the amount of $8,951.00 will be deposited in the Series 1989 C Bonds Reserve Account.

(7) The balance of the proceeds of the Bonds as advanced to the Issuer will be deposited in the Project Fund and applied solely to payment of costs of design of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

11. Moneys held in the Series 2001 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds, and will not be available to meet costs of design of the Project. All investment earnings on moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account, if any, will be withdrawn therefrom, not less than once each year, and, during design of the Project, deposited into the Project Fund, and following completion of design of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the design of the Project will proceed with due diligence to completion. Design is expected to be completed within 9 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

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

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

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

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

18. The Bonds are not federally guaranteed.

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

20. The Issuer has either (a) funded the Series 2001 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2001 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2001 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2001 A Bonds Reserve Account and the Series 2001 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of design of the Project.

21. The Issuer expects that no part of the Project, the design of which is being financed by the Bonds, will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

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

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

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

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

WITNESS my signature on this 30th day of January, 2001.

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Chairman

01/23/01
664320/99001

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BOOK 68
PAGE 294

IN THE COUNTY COMMISSION OF WAYNE COUNTY
WEST VIRGINIA

ORDER
CREATING THE NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
FOR SEWAGE SERVICE

On the 5th. day of March, 1984, a hearing was conducted by the Wayne County Commission pursuant to notice thereof being duly and regularl published and posted as prescribed by West Virginia Code, Chapter 16, Article 13A, Section 2, as amended, whereby all persons residing in or owning property in the proposed public service district area were given an opportunity to be heard for and against the creation of the Northern Wayne County Public Service District for Sewage Service.

Thereupon, the County Commission determine that the construction, maintenance and operation of a sewage facility, for the collection, treatment, purfication or disposal of liquid or solid wastes, will be conducive to the preservation of public health, comfort and convenience of the proposed area, and also determines that the creation of said public service district is feasible, and does hereby order it to be created.

It is therefore ORDERED that the Northern Wayne County Public Service District for sewage services shall be, and is hereby, created, and shall hereafter be a public corporation known as NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT, and shall encompass the following described territory:

Beginning at a point on the Wayne-Cabell County boundary line at its intersection with Wayne County Route 6/1;

THENCE: along Wayne County Route 6/1 generally in a southwesterly direction to a point 0.2 miles before its intersection with Wayne County Route 6;

THENCE: S 82 degrees 30 minutes W. 1.9 miles to a point;

THENCE: north to Wayne County Route 7;

THENCE: N 35 degrees W 0.25 miles to a point;

THENCE: S 74 degrees W to Wayne County Route 3;

THENCE: S 33 degrees W 2.10 miles to a point;

THENCE: S 68 degrees E to Wayne County Route 7/1;

THENCE: southeasterly in a straight line to the intersection of Wayne County Route 14/1 with Wayne County Route 1/2;

THENCE: southeasterly in a straight line to the intersection of Wayne County Route 12 with Wayne County Route 10;

THENCE: southeasterly in a straight line to the intersection of Wayne County Route 52/6 with Wayne County Route 52/8

THENCE: N 75 degrees E to the Beech Fork Lake Park boundary;

THENCE: along this boundary generally in a northerly direction to its intersection with the Wayne-Cabell County boundary line;

THENCE: northwesterly along the Wayne-Cabell County boundary li to the point of beginning.

All Wayne County Route numbers refer to General Highway Map, Wayne County, West Virginia, prepared by the West Virginia Department of Highways Statewide Planning Division, 1982.

It is FURTHER ORDERED that said public service district shall be created for the purpose of financing, constructing, maintaining and operating a sewage facility for the above described territory for the collection, treatment, purfication or disposal of liquid or solid wastes, sewage, or industrial wastes; said public service district may acquire, own and hold property, both real and personal; may sue or be sued in its corporate name; may adopt an official seal; and, may enter into contracts or agreements necessary or incidental to its purposes for which it is hereby created; and, that said public service district may exercise and perform all lawful functions, duties and actions for which it is hereby created and authorized by the law and regulations of the State of West Virginia, and its political subdivisions.

BOOK 6
PAGE 29

Enter this 12th. day of March, 1984.

Don W. Bias

Gearl E. Booth

J. M. McCoy

WEST VIRGINIA, WAYNE COUNTY COMMISSION CLERK'S OFFICE

I, Robert E. Pasley, Clerk of the County Commission of Wayne County, West Virginia, do hereby certify that the foregoing is a true and correct copy as appears of record in my office in Commissioners Record Book No. 68, Page 294.

Witness my hand this the 21 day of March, 1988.

Robert E Pasley Clerk

By _____ Deputy

County Commission of Wayne County

P.O. Box 248
Wayne, West Virginia 25570
Phone 304-272-6350 • Fax 304-272-5318

Rick Wellman, President • James H. Booton, Commissioner • Charles E. Sammons, Commissioner

July 22, 1998

Dale Elliott, General Manager
Northern Wayne Public Service District
P.O. Box 775
Lavalette, WV 25535

Dear Mr. Elliott

Please be advised that at the Regular Session of the Wayne County Commission, held on July 20, 1998, Steven L. Thompson was re-appointed to serve another six year term for the Northern Wayne County Public Service District.

Should you have any questions concerning this appointment, please feel free to contact me.

Sincerely,

Lori Justice

Lori Justice, Secretary
Wayne County Commission

cc: Steven Thompson

County Commission of Wayne County

P.O. Box 248
Wayne, West Virginia 25570
Phone 304-272-6350 • Fax 304-272-5318

Rick Wellman, President • James H. Booton, Commissioner • Charles E. Sammons, Commissioner

September 26, 1995

Dale Elliott, General Manager
Northern Wayne County Public Service District
P.O. Box 775
Lavalette, WV 25535

Re: Re-Appointment Northern Wayne Public Service District

Dear Mr. Elliott:

Please be advised that at the Regular Session of the Wayne County Commission, held on September 25, 1995, Fred Russell was re-appointed to serve another six year term for the Northern Wayne County Public Service District.

Should you have any questions concerning this appointment, please feel free to contact me.

Sincerely,

Rick Wellman

Rick Wellman, President
Wayne County Commission

cc: Fred Russell

WAYNE COUNTY COMMISSION
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Inst #: 97181
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Book/Page 2- / 64-
Total Recd .00 .00

BOOK 2
PAGE 64

I SOLEMNLY SWEAR (OR AFFIRM) THAT I WILL SUPPORT THE CONSTITUTION OF THE UNITED STATES OF AMERICA, THE CONSTITUTION OF THE STATE OF WEST VIRGINIA, AND I WILL FAITHFULLY DISCHARGE MY DUTIES AS NORTHERN WAYNE PUBLIC SERVICE DISTRICT BOARD MEMBER FOR WAYNE COUNTY, WEST VIRGINIA TO THE BEST OF MY SKILL AND JUDGMENT, SO HELP ME GOD.

WAYNE COUNTY COMMISSION WEST VIRGINIA

SIGNATURE

1/5/01
DATE

Office of the Clerk of County Commission
Wayne County, West Virginia
The foregoing writing was this day presented in my office, and thereupon, together with the certificate annexed, is admitted to record.

Robert E. [illegible], Clerk

[illegible] JAN 5 2001
Deputy

WAYNE COUNTY COMMISSION
Recorded Clerk 20
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I SOLEMNLY SWEAR (OR AFFIRM) THAT I WILL SUPPORT THE CONSTITUTION OF THE UNITED STATES OF AMERICA, THE CONSTITUTION OF THE STATE OF WEST VIRGINIA, AND I WILL FAITHFULLY DISCHARGE MY DUTIES AS NORTHERN WAYNE PUBLIC SERVICE DISTRICT BOARD MEMBER FOR WAYNE COUNTY, WEST VIRGINIA TO THE BEST OF MY SKILL AND JUDGMENT, SO HELP ME GOD.

Fred Russell
SIGNATURE

January 5, 2001
DATE

BOOK 2
PAGE 63

Office of the Clerk of County Commission
Wayne County, West Virginia
The foregoing writing was this day presented in my office, and thereupon together with the certificate annexed, is admitted to record.

Robert E. Pealey, Clerk

Debra Aloff Deputy JAN 5 2001

RULES OF PROCEDURE

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 4393 Fifth Street Road, Huntington, Wayne County, West Virginia.

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

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

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

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

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

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

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

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or

other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

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

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Wayne County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Wayne County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 48 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members

of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

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

ARTICLE VI

DUTIES OF OFFICERS

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

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

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

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

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

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

Adopted this 11th day of December, 2000.

11/22/00
664320/99001

Northern Wayne County Public Service District

JANUARY 9, 2001

1 ROLL CALL

The 201ST meeting of the NWCPSD was held on JANUARY 9, 2001 and called to order at 6:00 PM. Members present were Fred Russell, Steve Thompson, Paul Daniels field supervisor and Rebecca Ferman General Manager for the District.

2 APPROVAL MINUTES

Fred Russell made a motion to approve the minutes of the Meeting Number 200 dated December 18, 2000. Steve Thompson seconded the motion and a vote was called for. All present were in favor of the motion, whereby, the Chairman declared the minutes approved.

3 APPROVAL INVOICES

Fred Russell made a motion to approve the invoices for payment for the month of DECEMBER 2000, Steve Thompson seconded the motion and a vote was called for. All present were in favor of the motion, whereby, the Chairman declared the motion passed.

HUNTINGTON NAT'L BK	LEASE #7 TRUCK	389.31
FRED RUSSELL	BOARD MEMBER	125.00
STEVE THOMPSON	BOARD MEMBER	125.00
HERMAN WELLMAN	BOARD MEMBER	125.00
MTN. STATE B/C B/S	EMP INS	2603.52
NATIONAL BROKERAGE	EMP INS	59.40
FMHA	BOND PMT	12948.00
FMHA	RESERVE	1294.28
MBC	C RESERVE	74.60
NBC	A REV	2000.00
MBC	A RESERVE	1722.58
MBC	C REV	746.00
MBC	A REV	17225.75
NWCPSD	R & R A	3620.00
NWCPSD	R & R B	7250.00
NWCPSD	R & R B	4000.00
BUILDERS SUPPLY CO.	C/U MAINT	21.18
CHAPMAN PRINTING CO	BILL/COL SUP	638.85
CHAPMAN PRINTING CO	BILL/COL SUP	114.30
C I T CO	G/P MAINT SUP	84.00
C I T CO	S/P/SUP	142.04
EARP CONSTR CO	NEW SERVICE	150.00
HUNTINGTON GRAVEL	C/U MAINT	87.65
HUNTINGTON SAN.BD	TREATMENT	12826.04
JABO SUPPLY CO	G/P'S S/S	1241.10
KAR PRODUCTS	S/P SUP	195.93
KENNY QUEEN HDWE	S/P SUP	81.50
KENOVA WATER	METER READINGS	330.60

LAVALETTE POSTMASTER	BILL/COL POSTAGE	601.88	
LAVALETTE PSD	METER READINGS	298.75	
LAVALETTE PSD	METER READINGS	300.25	
LAVALETTE PSD	C-2 O/C	50.85	
LAVALETTE PSD	C-2 O/C	42.83	
LAVALETTE PSD	A-B O/C	25.88	
LAVALETTE PSD	A-B O/C	124.11	
LAVALETTE PSD	C-1 O/C	58.07	
LAVALETTE PSD	C-1 O/C	65.84	
LAVALETTE PSD	OFFICE	29.27	
LAVALETTE PSD	OFFICE	23.78	
LAVALETTE PSD	MIDVILLE HEIGHTS	23.72	
LAVALETTE PSD	MIDVILLE HEIGHTS	42.83	
UNITY (RAM TECH)	PAGING & ANS	75.24	
UNITY (RAM TECH)	ANS.SERV	34.82	
RICH OIL	FUEL	603.30	
STATE ELECTRIC	G/P MAINT SUP	266.20	
STATE ELECTRIC	S/P SUP	181.08	
STATE ELECTRIC	G/P MAINT SUP	232.00	
STATE ELECTRIC	G/P MAINT SUP	28.06	
STATE ELECTRIC	S/P SUP	290.70	
STATE ELECTRIC	S/P SUP	216.00	
STATE ELECTRIC	S/P SUP	216.00	
STATE ELECTRIC	S/P SUP	216.00	
STATE ELECTRIC	G/P MAINT SUP	63.00	
WV AMN WATER	METER READ	45.00	
WV AMN WATER	UTILITY	375.09	
STATIONERS, INC	OFFICE SUP	53.18	
STATIONERS, INC	OFFICE SUP	24.90	
MOUNTAINEER GAS	UTILITY	57.22	
M & P INDUSTRIES	O/C CHEMICALS	1047.00	
M & P INDUSTRIES	O/C CHEMICALS	582.00	
M & P INDUSTRIES	O/C CHEMICALS	582.00	
M & P INDUSTRIES	O/C CHEMICALS	582.00	
M & P INDUSTRIES	O/C CHEMICALS	130.00	
M & P INDUSTRIES	O/C CHEMICALS	362.00	
M & P INDUSTRIES	O/C CHEMICALS	(40.00)	C/M
M & P INDUSTRIES	O/C CHEMICALS	1047.00	
U.S. FILTER/DAVIS	CHEMICALS	6650.00	
VERIZON	A-B STATION	36.84	
VERIZON	METER BLDG	34.50	
VERIZON	OFFICE	144.53	
VERIZON	SPRING VALLEY	36.63	
VERIZON	C-1 STATION	36.56	
VERIZON	C-2 STATION	38.89	
VERIZON	E-STATION	39.09	
VERIZON	COPLEY SQ.	36.80	
CINTAS	EMP.UNIFORMS	62.76	
CINTAS	EMP.UNIFORMS	67.76	
CINTAS	EMP.UNIFORMS	65.25	
CINTAS	EMP.UNIFORMS	118.35	
CINTAS	EMP.UNIFORMS	65.25	
CINTAS	EMP.UNIFORMS	65.25	
AEP	A-B O/C	126.07	
AEP	A-B LIFT	366.61	
AEP	E-1 LIFT	339.01	
AEP	E-1 O/C	94.62	
AEP	C-2 LIFT	324.56	

AEP	C-2 O/C	88.09
AEP	C-1 LIFT	139.10
AEP	C-1 O/C	86.45
AEP	F-M METER BLDG	38.45
AEP	OFFICE-OUTSIDE	7.95
AEP	OFFICE	228.09
AEP	MIDVILLE HGTS	48.57
LUBE TIME II	VEH MAINT	23.05
LUBE TIME II	VEH MAINT	21.25
LUBE TIME II	VEH MAINT	21.25
QUICKBOOKS TAX TBL	OFFICE	147.29
MCNIEL FENCE CO	C/U MAINT	200.93
EASTERN STATES PUMP	S/P SUP	212.88
EASTERN STATES PUMP	G/P MAINT SUP	1122.60
EASTERN STATES PUMP	NEW SERVICE	649.00
EASTERN STATES PUMP	G/P REPAIR	585.00
EASTERN STATES PUMP	G/P REPAIR	585.00
EASTERN STATES PUMP	G/P REPAIR	585.00
EASTERN STATES PUMP	G/P PARTS	372.00
WV WATER & WASTE	G/P MAINT SUP	101.00
WV WATER & WASTE	G/P MAINT SUP	85.00
RIVER CITIES ANS SERV	ANS SERVICE	75.00
AAA SPETIC TANK	MDVL HGHTS	350.00
MISS UTILITY OF WV	SERV PIPE SUP	57.20
CHARTER COMMUNICATIONS	OFFICE	35.16
STANDARD/GENERAL	G/P MAINT SUP	169.20
STANDARD/GENERAL	G/P MAINT SUP	56.40
STANDARD/GENERAL	G/P MAINT SUP	71.50
ROBERT A. SATO	AUDIT	157.50
TAMMY'S FLORIST	OFFICE	30.74
BLATT'S GREENHOUSE	C/U MAINT	33.95
BARBOURSVILLE TESTING	C/U MAINT	60.00
AIRGAS MTN STATE	O/C EXP	323.00
DELUXE BUNINESS FORMS	DEPOSIT SLIPS	27.96
ZIEBART TIDYCAR	VEH. T.HITCH	184.00
ENVIRONMENTAL PROT.	PERMIT-MDVL	60.00
LOUDERMILK'S CHEVRON	TRUCK MAINT #10	287.26
	OPERATING TOTAL	44,370.42

4 Financial Information

The Board was provided in the agenda package, for the month of NOVEMBER 30, 2000, a draft Income and Expense Statement with current, as well as a Balance Sheet for the same period. A Cash Balance Statement for the period ending DECEMBER 31, 2000 was included.

Rebecca advised the Board there was one CD up for renewal on January 17th. Rebecca will check with local banks and find the best available rate.

Rebecca advised the Board that there was an excess amount of money in the Customer Security Deposit checking account. She requested that we transfer $5000.00 to the Security Deposit CD. Fred Russell made a motion that we write a check for $5,000.00 from the Customer Security Deposit checking account and when the CD comes due for renewal that we add the

$5,000.00 to the CD. Steve Thompson seconded the motion. A vote was called for and the motion passed.

5 MANAGERS REPORT

1 BILLING TOTALS
FOR DECEMBER 31, 2000 BILLING WAS $ 105,341.03 FOR 2358 CUSTOMERS. THE AVERAGE BILL WAS $ 44.67. THIS IS AN AVERAGE BILL AMOUNT.

2 ACCOUNTS RECEIVABLE
BASED ON THE DECEMBER 31, 2000 THE ACCOUNTS RECEIVABLE 37% IS PAST DUE AND FURTHER BREAK DOWN IS SHOWN BELOW:

	CURRENT	30-59	60-89	90-120	120 +	TOTAL
AMOUNT	105341	27829	5498	2349	25890	166908
PERCENTAGE	63%	17%	3%	1%	16%	100%

WE ARE MAINTAINING A DILIGENT EFFORT ON OUR COLLECTION EFFORTS.

3 EMPLOYEE WORK PERFORMED
DURING THE MONTH OF DECEMBER WE DID 104 MAINTENANCE, 74 CALL OUTS, AND 9 PLUMBING REPLACED. WE DID 76 CEREDO MAINTENANCES.

4 VEHICLE CONDITION REPORT
FOR THE MONTH THE FOLLOWING INFORMATION CONCERNING THE DISTRICTS VEHICLES:

	TRUCK 2	TRUCK 9	JEEP	TRUCK10
MO	1113	1680	502	2388
YTD	100063	39514	131382	166068
MPG	8.86	14.28	15.68	14.33

WE HAVING BEEN MONITORING OUR DAILY TRUCK MILEAGE ACTIVITY

BACK HOE 11 HRS THIS MONTH LIFE TO DATE 1201.0

5 INFILTRATION OF SURFACE WATER DURING THE MONTH OF DECEMBER WAS ABOUT NORMAL. FLOW FOR THE MONTH WAS 12,432,000 MILLION GALLONS, CALENDAR YEAR TO DATE OF 144,764,000 MILLION GALLON WITH A YEAR TO DATE DAILY AVERAGE OF 396,454 GALLONS. WE DID EXPERIENCE 3.34 INCHES OF RAIN IN OCTOBER WITH A YEAR TO DATE OF 34.01 INCHES.

6 EXTENSION OF SERVICE / NEW SERVICE:
NEW SERVICE REQUEST NOW TOTAL 15.

ADKINS RONALD	21 DEER RUN
AKERS DAVID	103 BUFFALO CREEK
ARROWOOD DANA	126 WESTWOOD
CROCKETT IRA	3540 SKYVIEW DR

HICKEY PHILLIP	3188 HANEY BRANCH
KELLY ALBERTA	MAPLE LANE
MILLS DONALD	12 OLD TRAIL
NELSON GARY	1164A LYNN OAK
PARSONS SANKEY	WALKERS BRANCH
POFF MICHAEL	2233 R RT 75
SMITH DONALD	17 VALLEY LAKE
TUTORS BISCUIT WORLD	ROUTE 152
WALLACE GREGORY	DALEWOOD
WELLMAN TOM	BEECHFORK ROAD
WILLIAMSON LARRY	3576 ROUTE 75

THE ESTIMATED COST TO INSTALL THESE NEW SERVICES IS APPROXIMATELY $48,000.

7 WE ARE STILL DISCUSSING CHEMICAL COATING COMPANIES FOR REPAIRS TO THE CONCRETE SIDE WALLS AT THE STATIONS.

8 SPILLS SECTION
WE EXPERIENCED 1 SPILL IN THE MONTH OF DECEMBER

DATE	GALLONS LOST	LOCATION
121600	5000	3182 ROUTE 75

9 ODOR CONTROL

WE HAVE GONE BACK TO THE CHEMICAL BIOXIDE FROM US FILTER TO SEE IF WE COULD IMPROVE OUR LEVELS AT THE LIFT STATIONS.

10 MONTHLY BILLING ADJUSTMENTS
ENCLOSED IS THE REPORT OF ALL THE BILLING CREDITS ISSUED IN THE AMOUNT OF $22220.42

KENOVA RDG ERRORS 17651.44 OTHER CREDITS = $4568.98

11 COST SAVING MEASURES
COST SAVING MEASURES ARE STILL IN PLACE AND WE ARE WATCHING PURCHASES AS CLOSE AS EVER.

6 STATUS REPORT

6A) RIDGEMONT AREA SLIP

We have not received any more information on this case.

7. MISCELLANEOUS

1) PSC HEARING
We are still waiting to hear from the CWSRF Loan so that we can contact Chuck Knurek from the PSC.

2) CWSRF LOAN
The loan closing has once more been postponed until January

30th. John Stump is working on getting the documents processed for the closing. Steve Thompson asked Becky to call Bob Rodecker and ask a couple of questions pertaining to the loan. (1) Can this loan be paid off earlier than the term? (2) How are we protected that the figures they use are correct and that two weeks later that Bernie Yonkosky can't say we owe them more?

3)DOCKS CREEK LIFT STATION
This project is temporarily put on hold due to the cold temperatures. Steve Thompson asked Paul to present at the next Board Meeting 3 sets of bids on the project. There was a discussion on a couple of ways to do this project. Steve also asked Becky to check with one of NWCPSD's attorneys about different paper adds and how they are worded.

4)ELECTION OF OFFICERS FOR 2001
In accordance with the Rules of Procedure adopted by the District October 6, 1988 each year in January the Board shall elect from the memberhip a Chairman, Secretary and Treasurer. Fred Russell nominated Steve Thompson to be Board Chairman. Steve Thompson seconded the motion. All present were in favor and Steve Thompson was elected Board Chairman. Steve Thompson nominated Fred Russell to be Secretary/Treasurer. Fred Seconded the motion. All present were in favor and Fred Russell was elected Secretary/Treasurer.

5)STOLEN VEHICLES
Upon receipt of our fuel bill for December we found that the person who stole our vehicles used the credit card to purchase gas and oil in Catlettsburg Kentucky. Rebecca has contacted the Catlettsburg city police and they have filed a report. They are getting a copy of the receipt and viewing the store security video. Rebecca will go look at these when the police contact her.

6)AIG/STATE BOARD OF RISK
We have received a letter from AIG regarding settlement on the two trucks. We are still waiting to hear from State Board of Risk on the contents of the trucks.

7)REMEMBERING HERMAN E WELLMAN
Sunday December 31, 2000 Herman left us to go to a better place. He will be greatly missed by Northern Wayne County PSD. Steve Thompson suggested that we get a plaque to put in the Board Room in Herman's memory. He would also like for us to present a copy to Martha Wellman.

8)MEETING/SECURITY PATROL
Several area businessmen met at Northern Wayne County Public Service District's building to discuss the problem. Dave Pennington the new Wayne County Sheriff attended and presented his plans for the near future. He has asked that we meet again in February.

8.VISITORS

No other visitors attended this meeting.

The Board Chairman declared the next Regular Business Meeting of the District will be held Tuesday February 13, 2001 at 6:00 PM.

With no other business being before the Board, Fred Russell moved that the Board adjourn at 8:30 PM. Steve Thompson seconded the motion and vote was called for. All present were in favor of the motion, whereby, the Chairman declared the motion passed.

Steve Thompson
Chairman

Fred Russell
Secretary/Treasurer

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION AND SECOND SUPPLEMENTAL RESOLUTION

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

*** *** ***

The Public Service Board of Northern Wayne County Public Service District met in special session, pursuant to notice duly posted, on the 29th day of January, 2001, in Huntington, West Virginia, at the hour of 9:00 a.m.

PRESENT:	Steven L. Thompson	- Chairman and Member
	Fred Russell	- Secretary/Treasurer
	Vacancy	- Member

ABSENT: None.

Steven L. Thompson, Chairman, presided, and Fred Russell acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE DESIGN OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT, THE PAYMENT OF CURRENTLY AND PAST DUE INTEREST ON AND PRINCIPAL OF

CERTAIN OUTSTANDING BONDS OF THE DISTRICT AND THE FUNDING OF RESERVE ACCOUNTS OF CERTAIN OUTSTANDING BONDS OF THE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $497,857 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM), OF NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT; RATIFYING AND APPROVING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING

AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

*** *** ***

The Chairman then presented a proposed Second Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING FOR TRANSFER OF THE RESERVE ACCOUNT FOR SERIES 1989 B BONDS AND AMENDMENT OF PRIOR RESOLUTION TO EFFECT SUCH TRANSFER

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

*** *** ***

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

Chairman

CERTIFICATION

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

WITNESS my signature on this 30th day of January, 2001.

Fred Russell
Secretary

01/26/01
664320/99001

CH416394.1

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

NEW ISSUE REPORT FORM

Date of Report: January 30, 2001

ISSUE: Northern Wayne County Public Service District Sewerage System Design Revenue Bonds, Series 2001 A (WV SRF Program)

ADDRESS: Post Office Box 775, Lavalette, West Virginia 25535 COUNTY: Wayne

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: January 30 ,2001

CLOSING DATE: January 30 , 2001

ISSUE AMOUNT: $497,857

RATE: 0%; Administration Fee .5%

1ST DEBT SERVICE DUE: June 1, 2002

1ST PRINCIPAL DUE: June 1, 2002

1ST DEBT SERVICE AMOUNT: $4,149.00

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: The Huntington National Bank
Contact Person: Michael Stephens
Phone: (304) 529-6699

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Ms. Rebecca Ferman
Position: General Manager
Phone: (304) 523-1070

OTHER: WV Division of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Branch Chief
Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE:

By: ____ Wire
X Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
X Reserve Account: $ See Notes
X Other: ____ $ See Notes

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: ____ Wire
____ Check
____ IGT

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

NOTES: Attached is the Closing Memorandum which outlines the checks to be deposited into the following accounts: Series 2001 A Bonds Reserve Account; Series 1989 A Bonds Reserve Account; Series 1989 B Bonds Reserve Account; Series 1989 C Bonds Reserve Account; and Series 1989 C Bonds Sinking Fund.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

The Huntington National Bank, Lavalette, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution of Northern Wayne County Public Service District (the "Issuer"), both adopted January 29, 2001 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated January 30, 2001, in the principal amount of $497,857 (the "Bonds") and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 30th day of January, 2001.

THE HUNTINGTON NATIONAL BANK

Mike Stephens

Its: Authorized Representative

01/19/01
664320/99001

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES OF REGISTRAR

Branch Banking and Trust Company, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Northern Wayne County Public Service District Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), dated January 30, 2001, in the principal amount of $497,857 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 30th day of January, 2001.

BRANCH BANKING AND TRUST COMPANY

Vice President

01/19/01
664320/99001

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Northern Wayne County Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Northern Wayne County Public Service District Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), of the Issuer, dated January 30, 2001, in the principal amount of $497,857, designated "Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program)," numbered AR-1, is registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of Branch Banking and Trust Company, as Registrar.

WITNESS my signature on this 30th day of January, 2001.

BRANCH BANKING AND
TRUST COMPANY

Vice President

01/19/01
664320/99001

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 30th day of January, 2001, by and between NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and Branch Banking and Trust Company, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $497,857 Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Resolution adopted January 29, 2001, and a Supplemental Resolution adopted January 29, 2001 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out

the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Northern Wayne County Public Service District
Post Office Box 775
Lavalette, West Virginia 25535
Attention: Chairman

REGISTRAR: Branch Banking and Trust Company
300 Summers Street, 6th Floor
Post Office Box 1793
Charleston, West Virginia 25326-1793
Attention: Corporate Trust Department

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

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

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

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Chairman

BRANCH BANKING AND TRUST COMPANY

Its Assistant Vice President

01/19/01
664320/99001

CH416447.1

REGISTRAR: Branch Banking and Trust Company
300 Summers Street, 6th Floor
Post Office Box 1793
Charleston, West Virginia 25326-1793
Attention: Corporate Trust Department

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

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

_____
Chairman

BRANCH BANKING AND TRUST COMPANY

_____
Vice President

01/19/01
664320/99001

CH416447.1

EXHIBIT A

[Included in transcript as Document No. 1]

SCHEDULE OF COMPENSATION

(See Attached)

BB&T

Branch Banking & Trust Co.

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

January 30, 2001

Northern Wayne County Public Service District
Attention: Chairman
Post Office Box 775
Lavalette WV 25535

RE: Invoice

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2001 A
(WV-SRF PROGRAM)

One time fee for services as Registrar and Authenticating Agent.....$250.00

Please forward remittance to:

Branch Banking and Trust Co.
Attn: Charlotte S. Morgan
P. O. Box 1793
Charleston WV 25326

WRD 1A-82
Revised 11/97

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

Permit No.: WV0089621

Subject: Sewage Collection Facilities

Issue Date: June 14, 2000

Effective Date: July 14, 2000

Expiration Date: June 13, 2005

Supersedes: WV/NPDES Permit No. WV0089621
Issued: May 2, 1994

Location:	Lavalette	Wayne	Ohio
	(City)	**(County)**	**(Drainage Basin)**

To whom it may concern:

This is to certify that Northern Wayne County Public Service District
Post Office Box 775
Lavalette, WV 25535

is hereby granted a NPDES Water Pollution Control Permit to: operate and maintain an existing wastewater collection system comprised of approximately 14,900 linear feet of four (4) inch sewer line, 3,170 linear feet of six (6) inch sewer line, 3,250 linear feet of eight (8) inch sewer line, 82 manholes, 14 gravity sewer line clean outs, four (4) lift stations, 1,046 simplex grinder pump stations, 48 duplex grinder pump stations, 72,560 linear feet of one and one fourth (1 ¼) inch force main, 119,620 linear feet of one and one half (1 ½) inch force main, 31,940 linear feet of two (2) inch force main, 20,460 linear feet of two and one half (2 ½) inch force main, 18,330 linear feet of three (3) inch force main, 11,140 linear feet of four (4) inch force main, 24,585 linear feet of six (6) inch force main, 26,[illegible] linear feet of eight (8) inch force main, 36, 035 linear feet of 10 inch force main, 1,720 linear feet of 14 inch force main, 25,450 linear feet of 16 inch force main, 960 linear feet of 24 inch force main, 544 force main clean outs and all requisite appurtenances.

The system is designed to serve 7,700 persons or equivalents in the Northern Wayne County Public Service District and convey wastewater to the City of Huntington's wastewater treatment plant for subsequent treatment and discharge to the Ohio River at Mile Point 313.2.

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0089621 dated the 5th day of April 2000 is hereby made terms and conditions of this Permit with like effect as if all such permit application information is set forth herein and with other conditions set forth in Sections B, C, and Appendix A.

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

B. SCHEDULE OF COMPLIANCE

1. **The permittee shall achieve compliance with the provisions for waste treatment and the monitoring requirements specified in this permit in accordance with the following schedule:**

   Effective date of permit.

2. **Reports of compliance or non-compliance with, and progress reports on interim and final requirements contained in the above compliance schedule, shall be postmarked no later than days following each schedule date.**

C. OTHER REQUIREMENTS

1. The herein-described wastewater collection works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.

2. The sewage collection facility shall be adequately protected by fencing.

3. The permittee shall not accept any new non-domestic discharges without first obtaining approval from the Chief of the Office of Water Resources as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.

4. If any existing non-domestic discharge causes, or is suspected of causing, interference or pass through (as defined by 40 CFR 403.3) or otherwise violates any provision of 40 CFR 403, the permittee shall notify the Chief of such violation or suspected violation.

5. If any existing non-domestic discharge is identified as being subject to Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this permit, the permittee shall notify the Chief of such identification.

6. The requirements of Appendix A, Part II, Section 4, Upset, attached, hereto, shall not be applicable.

7. The permittee shall comply with all provisions of the Interjurisdictional Industrial Pretreatment Agreement executed between the permittee and the City of Huntington, Sanitary Board, dated the 13th day of July 1993.

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this perm with the plans and specifications submitted with Permit Application No. WV0089621, dated the 5th day of M 2000; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Director the Division of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted w Permit Application No. WV0089621, dated the 5th day of May 2000; and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Chapter 22, Article 11, or 15 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Chapter 22, Articles 11 and 12 and/or 15 of the Co of West Virginia and is transferable under the terms of Section 11 of Article 11.

By: Allen S. Turner
Chief

AGT/mkm

Appendix A

I. MANAGEMENT CONDITIONS:

1. Duty to Comply

a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation or for denial of a permit renewal application.

b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not been modified to incorporate the requirement.

2. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.

3. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.

4. Permit Actions

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for permit modification, revocation and reissuance, or revocation, or a notification of planned changes or anticipated noncompliance, does not stay any permit condition.

5. Property Rights

This permit does not convey any property rights of any sort or any exclusive privilege.

6. Signatory Requirements

All applications, reports, or information submitted to the Chief shall be signed and certified as required in Title 47, Series 10 , Section [illegible] of the West Virginia Legislative Rules.

7. Transfers

This permit is not transferable to any person except after notice to the Chief. The Chief may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary. .

8. Duty to Provide Information

The permittee shall furnish to the Chief, within a reasonable specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.

9. Other Information

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.

10. Inspection and Entry

The permittee shall allow the Chief, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;

b) Have access to and copy at reasonable times, any records that must be kept under the conditions of this permit;

c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and

d) Sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any location.

11. Permit Modification

This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 22-11-12 of the Code of West Virginia.

12. Water Quality

The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the Environmental Quality Board.

13. Outlet Markers

A permanent marker at the establishment shall be posted in accordance with Title 47, Series 11, Section 9 of the West Virginia Legislative Rules.

14. Liabilities

a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318, or 405 of the Clean Water Act is subject to a civil penalty not to exceed $10,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, or 308 of the Clean Water Act is subject to a fine of not less than $2,500 nor more than $25,000 per day of violation, or by imprisonment for not more than 1 year, or both.

b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than $10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.

c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than $10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.

d) Nothing in I.14 a), b), and c) shall be construed to limit or prohibit any other authority the Chief may have under the State Water Pollution Control Act, Chapter 22, Article 11.

II. OPERATION AND MAINTENANCE:

1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by the WV Bureau of Public Health Laws, W. Va. Code Chapter 16-1, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require more highly skilled operator.

2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of the permit.

3. Bypass

a) Definitions
- (1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and
- (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provision of II.3.c) and II.3.d) of this permit.

c)
- (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;
- (2) If the permittee does not know in advance of the need for bypass, notice shall be submitted as required in IV.2.b) of this permit.

d) Prohibition of bypass
- (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for a bypass, unless;
  - (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
  - (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and
  - (C) The permittee submitted notices as required under II.3.c) of this permit.
- (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in II.3.d.(1) of this permit.

4. Upset

a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.

b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitation if the requirements of II.4.c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:
- (1) An upset occurred and that the permittee can identify the cause(s) of the upset;
- (2) The permitted facility was at the time being properly operated;
- (3) The permittee submitted notice of the upset as required in IV.2.b) of this permit.
- (4) The permittee complied with any remedial measures required under I.3. of this permit.

d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, such solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and at a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

III. MONITORING AND REPORTING

1. Representative Sampling

Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.

2. Reporting

a) Permittee shall submit, according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration, and/or quantities, the values of the constituents listed in Part A analytically determined to be in the plant effluent(s). DMR submissions shall be made in accordance with the terms contained in Section C of this permit.

b) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter as appropriate.

c) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E." (i.e., number exceeding).

d) Specify frequency of analysis for each parameter as number of analyses/specified period (e.g.,3/month is equivalent to 3 analyses performed every calendar month). If continuous, enter "Cont.". The frequency listed on format is the minimum required.

3. Test Procedures

Samples shall be taken, preserved and analyzed in accordance with the latest edition of 40 CFR Part 136, unless other test procedures have been specified elsewhere in this permit.

4. Recording of Results

For each measurement or sample taken pursuant to the permit, the permittee shall record the following information.

a) The date, exact place, and time of sampling or measurement;

b) The date(s) analyses were performed;

c) The individual(s) who performed the sampling or measurement;

d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;

e) The analytical techniques or methods used, and

f) The results of such analyses. Information not required by the DMR form is not to be submitted to this agency, but is to be retained as required in III.6.

5. Additional Monitoring by Permittee

If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated. Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

6. Records Retention

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for the permit, for a period of at least three (3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Chief at any time.

7. Definitions

a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.

b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.

c) "Maximum daily discharge limitation" means the highest allowable daily discharge.

d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval (for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.

e) "Grab Sample" is an individual sample collected in less than 15 minutes.

f) "is" = immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.

g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.

h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two (2) consecutive hours during a 24 hour day, or during the operating day if flows are of shorter duration.

i) The "daily average fecal coliform" bacteria is the geometric average of all samples collected during the month.

j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or which a relationship to absolute volume has been obtained.

k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to, pump capabilities, water meters and batch discharge volumes.

l) "Non-contact cooling water" means the water that is contained in a leak-free system, i.e., no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

IV. OTHER REPORTING

1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibili liabilities or penalties established pursuant to Title 47, Series 11, Section 2 of the West Virginia Legislative Rules promulgated pursu Chapter 22, Article 11.

Attached is a copy of the West Virginia Spill Alert System for use in complying with Title 47, Series 11, Section 2 of the Legislative as they pertain to the reporting of spills and accidental discharges.

2. Immediate Reporting

a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming of the circumstances by using the Agency's designated spill alert telephone number. A written submission shall be provid within five (5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.

b) The following shall also be reported immediately:
   (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
   (2) Any upset which exceeds any effluent limitation in the permit; and
   (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous substance.

c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the

d) Compliance with the requirements of IV.2 of this section, shall not relieve a person of compliance with Title 47, Series 11, Section 2.

3. Reporting Requirements

a) Planned changes. The permittee shall give notice to the Chief of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge. Notice is required when:
   (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Series 10, Title 47; or
   (2) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. This notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under IV.2 of this section.

b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which many result in noncompliance with permit requirements.

c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must the Chief in writing as soon as they know or have reason to believe:
   (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
      (A) One hundred micrograms per liter (100 ug/l);
      (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms (500 ug/l) for 2,4-dinitro phenol; and for 2-methyl 4,6-dinitrophenol; and one milligram per liter (1 mg antimony;
      (C) Five (5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.9 of Series10, Title 47.
      (D) The level established by the Chief in accordance with Section 6.3.g of Series 10, Title 47;
   (2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent of a toxic which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
      (A) Five hundred micrograms per liter (500 ug/l);
      (B) One milligram per liter (1 mg/l) for antimony;
      (C) Ten (10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7 of Series 10, Title 47;
      (D) The level established by the Chief in accordance with Section 6.3.g of Series 10, Title 47.
   (3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series 10, Title 47 and will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times detection limit for that pollutant under approved analytical procedure.
   (4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series 10, Title 47 and will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten the detection limit for that pollutant under approved analytical procedure.

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in IV.2.a). Should other applicable noncompliance reporting be required, termsand conditions will be found in Section C of this permit.

RIGHT OF APPEAL

Notice is hereby given of your right to appeal the terms and conditions of this permit which you are aggrieved by the Environmental Quality Board by filing a NOTICE OF APPEAL on the form prescribed by such Board for this purpose, with the Board, in accordance with the provisions of Section 21, Article 11, Chapter 22 of the Code of West Virginia within thirty (30) days after the date of receipt of the above permit.

EMERGENCY RESPONSE SPILL ALERT SYSTEM
WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

REQUIREMENTS:

Title 47, Series 11, Section 2 of the West Virginia Legislative Rules, Environmental Protection, Water Resources - Waste Management, Effective July 1, 1994.

RESPONSIBILITY FOR REPORTING:

Each and every person who may cause or be responsible for any spill or accidental discharge of pollut[illegible] the waters of the State shall give immediate notification to the Office of Water Resources' Emergency Noti[illegible] Number, **1-800-642-3074**. Such notification shall set forth insofar as possible and as soon thereafter as pra[illegible] time and place of such spill or discharge, type or types and quantity or quantities of the material or material[illegible] action or actions taken to stop such spill or discharge and to minimize the polluting effect thereof, the meas[illegible] measures taken or to be taken in order to prevent a recurrence of any such spill or discharge and such addit[illegible] information as may be requested by the Office of Water Resources. This also applies to spills to the water[illegible] State resulting from accidents to common carriers by highway, rail and water.

It shall be the responsibility of each industrial establishment or other entity discharging directly to a st[illegible] have available the following information pertaining to those substances that are employed or handled in its [illegible] in sufficiently large amounts as to constitute a hazard in case of an accidental spill or discharge into a publi[illegible]

(1) Potential toxicity in water to man, animals and aquatic life;
(2) Details on analytical procedures for the quantitative estimation of such substances in water and
(3) Suggestions on safeguards or other precautionary measures to nullify the toxic effects of a substance o[illegible] has gotten into a stream.

Failure to furnish such information as required by Section 14, Article 11, Chapter 22, Code of West V[illegible] may be punishable under Section 24, Article 11, Chapter 22, and/or Section 22, Article 11, Chapter 22, Co[illegible] West Virginia.

It shall be the responsibility of any person who causes or contributes in any way to the spill or accide[illegible] discharge of any pollutant or pollutants into State waters to immediately take any and all measures necessa[illegible] contain such spill or discharge. It shall further be the responsibility of such person to take any and all meas[illegible] necessary to clean up, remove and otherwise render such spill or discharge harmless to the waters of the St[illegible]

When the Chief determines it necessary for the effective containment and abatement of spills and acci[illegible] discharges, the Chief may require the person or persons responsible for such spill or discharge to monitor a[illegible] waters in a manner prescribed by the Chief until the possibility of any adverse effect on the waters of the S[illegible] longer exists.

VOLUNTARY REPORTING BY LAW OFFICERS, U. S. COAST GUARD, LOCK MASTERS AND [illegible]

In cases involving river and highway accidents where the responsible party may or may not be availab[illegible] report the incident, law officers, U. S. Coast Guard, Lock Masters and other interested person(s) should ma[illegible] report.

WHO TO CONTACT:
Notify the following number: **1-800-642-3074**.

INFORMATION NEEDED:

- Source of spill or discharge
- Location of incident
- Time of incident
- Material spilled or discharged
- Amount spilled or discharged
- Toxicity of material spilled or discharged
- Personnel at the scene
- Actions initiated
- Shipper/Manufacturer identification
- Railcar/Truck identification number
- Container type

Office of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Telephone: (304) 558-4086 or (304)558-8855
Fax: (304) 558-5905

West Virginia Division of Environmental Protection

Cecil H. Underwood
Governor

Michael C. Castle
Director

NOTICE TO PERMITTEES

The 1999 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 22, Article 11, Section 10 of the Code of West Virginia relating to fees associated with permits. This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon rules promulgated by the Director of the Division of Environmental Protection. The Director has promulgated a final rule in accordance with the Code revision to this effect and these rules were effective May 4, 2000. The rules establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, West Virginia 25305, to obtain a copy of the rules. The reference is Title 47, Legislative Rules of Bureau of Environment, Division of Environmental Protection, Office of Water Resources, Series 26 Water Pollution Control Permit Fee Schedules.

Based upon the volume of discharge for which your facility is currently permitted, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is $1000. This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit or in the case of coverage under a general permit, the fee is due no later than the anniversary date of your coverage under the general permit. **You will be invoiced by this agency at the appropriate time for the fee.** Failure to submit the annual fee within ninety (90) days of the due date will render your permit void upon the date you are mailed a certified written notice to that effect.

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, WEST
VIRGINIA WATER DEVELOPMENT AUTHORITY SERIES,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A;
SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1989; SEWERAGE SYSTEM BOND ANTICIPATION
NOTES, SERIES 1989; AND SEWERAGE SYSTEM
GRANT ANTICIPATION NOTES, SERIES 1989

BOND AND NOTE RESOLUTION

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

SEWERAGE SYSTEM BOND ANTICIPATION NOTES, WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SERIES, SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A; SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989; SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1989; AND SEWERAGE SYSTEM GRANT ANTICIPATION NOTES, SERIES 1989

BOND AND NOTE RESOLUTION

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NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

BOND AND NOTE RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWER FACILITIES OF NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A, AND NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989, AND PENDING THE ISSUANCE THEREOF THE ISSUANCE OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SERIES AND, PENDING THE ISSUANCE OF BONDS TO OR RECEIPT OF BOND PROCEEDS FROM THE UNITED STATES DEPARTMENT OF AGRICULTURE, FARMERS HOME ADMINISTRATION, AND THE RECEIPT OF CERTAIN GRANT RECEIPTS, RESPECTIVELY, THE ISSUANCE OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1989, AND NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF A PROMISSORY NOTE TO THE COUNTY COMMISSION OF WAYNE COUNTY OR SEWERAGE SYSTEM GRANT ANTICIPATION NOTES, SERIES 1989; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS AND NOTES, INCLUDING A LETTER OF CREDIT IN AN AMOUNT NOT TO EXCEED $800,000 FOR SAID GRANT ANTICIPATION NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING SAID BOND ANTICIPATION NOTES; AUTHORIZING EXECUTION AND DELIVERY OF AN INTERGOVERNMENTAL AGREEMENT, LOAN AGREEMENT AND TRUST INDENTURE IN CONNECTION WITH SAID PROMISSORY NOTE; APPROVING AND RATIFYING A LOAN AGREEMENT, SUPPLEMENTAL LOAN AGREEMENT AND AUTHORITY BANS LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BOND ANTICIPATION NOTES AND BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS AND NOTES; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

"Agreement" means the Intergovernmental Agreement, Loan Agreement and Trust Indenture which may be entered into among the County, the Issuer and the Trustee relating to the GANs to be issued by the County and all supplements or amendments thereto, in substantially the form attached as Exhibit A hereto and incorporated herein by reference, or, if provided by the Supplemental Resolution, a trust indenture relating to the GANs to be issued by the Issuer, and all supplements and amendments thereto.

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

"Authority BANs" means not more than $3,500,000 in aggregate principal amount of Sewerage System Bond Anticipation Notes, West Virginia Water Development Authority Series, originally authorized hereby.

"Authority BANs Reserve Account" means the Authority BANs Reserve Account established in the Authority BANs Sinking Fund pursuant to Section 5.02

"Authority BANs Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due under the Authority BANs in the then current or any succeeding year.

"Authority BANs Sinking Fund" means the Authority BANs Sinking Fund established by Section 5.02.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any other person duly appointed as such by the Governing Body.

"BANs" or "BAN" means the not more than $2,000,000 in aggregate principal amount of Sewerage System Bond Anticipation Notes, Series 1989, originally authorized hereby.

"Board" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

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

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

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

"Bonds" means the not more than $2,700,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series 1989 A originally authorized hereby or the not more than $800,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1989 originally authorized hereby, or both, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution and where applicable means the Authority BANs outstanding until the issuance of the Bonds.

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

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

"Closing Date" means the date upon which there is an exchange of the Bonds or the Authority BANs for the proceeds representing the purchase of the Bonds or the Authority BANs by the Authority.

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

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

"Consulting Engineers" means Regula Engineering, Inc., Huntington, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems or facilities 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 1.03E hereof to be a part of the cost of construction and acquisition of the Project.

"County" means The County Commission of Wayne County, a public corporation acting for and on behalf of Wayne County, West Virginia, a political subdivision of the State.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Series 1989 A 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 a bank or national banking association located in the State, eligible under the laws of the State to receive deposits of state and municipal funds and insured by the FDIC, which Depository Bank shall be named in the Supplemental Resolution.

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from proceeds of the EPA Grant, the total of which are equal in amount to the EPA Grant.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the agreement dated June 29, 1984, as amended on April 4, 1987, and as hereafter supplemented and amended.

"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 Series 1989 A 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 Series 1989 A Bonds, 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 thereof.

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

"FmHA" means the United States Department of Agriculture, Farmers Home Administration.

"FmHA Bonds" means the $1,950,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series 1989 B, to be issued on a parity with the Authority BANs or Series 1989 A Bonds, as the case may be, pursuant to a resolution enacted concurrently herewith.

"FmHA Resolution" means the resolution enacted concurrently herewith authorizing the FmHA Bonds.

"GANs" or "GAN" means the not more than $2,000,000 in aggregate principal amount of a promissory note to the County or, if provided by the Supplemental Resolution, Sewerage System Grant Anticipation Notes, Series 1989, originally authorized hereby.

"Governing Body" or "Board" means the public service board of the Issuer, as is now or 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 EPA 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 such Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to any Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant subsequent to the issuance of the GANs.

"Grants" means, collectively, the EPA Grant and any Other Grants.

"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 Series 1989 A 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 Series 1989 A 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 Series 1989 A 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 obligations and which are deemed to become proceeds of the Series 1989 A Bonds ratably as original proceeds of the Series 1989 A 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 Series 1989 A 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 Series 1989 A Bonds Reserve Account 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 Series 1989 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1989 A 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, 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 purchased pursuant to Section 8.01) or any Tap Fees.

"Indenture" or "Trust Indenture" means the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the BANs and all supplements or amendments thereto, in substantially the form attached as Exhibit B hereto and incorporated herein by reference.

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

"Investment Property" means any security [as said term is defined in Section 165(g)(2)(A) or (B) of the Code], obligation, annuity contract 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 the Northern Wayne County Public Service District, a public corporation and political subdivision of the State.

"Loan Agreement" means, collectively, the Authority BANs Loan Agreement, Loan Agreement and the Supplemental Loan Agreement to be entered into between the Authority and the Issuer, pursuant to which the Authority shall agree, subject to the Issuer's satisfying certain engineering, legal and other requirements, to purchase the Bonds originally authorized hereby, in substantially the forms respectively attached as Exhibits C, D and E hereto and incorporated herein by reference.

"Net Proceeds" means the face amount of the Series 1989 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 1989 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1989 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Series 1989 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1989 A Bonds.

"Notes" means the BANs and the GANs, or either thereof as the context may require.

"Noteholders," "Holder of the BANs" or "Holder of the GANs," as the case may be, "Holder," "Registered Owner," "Owner," or any similar term means the person, whenever used herein with respect to an Outstanding Note, in whose name such BAN or GAN, as the case may be, is registered.

"Notes Registrar" means the bank to be designated as such in the Indenture, the Agreement or the Supplemental Resolution and its successors or assigns.

"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 Trustee, 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, BANs, GANs or FmHA 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 BANs Purchaser" means such person or persons, firm or firms, bank or banks, corporation or corporations, or such other entity or entities as shall purchase the BANs directly from the Issuer, as determined by the Supplemental Resolution; provided that such purchaser or purchasers and the Issuer shall agree to the purchase of the BANs, including the exact principal amount thereof and interest rate or rates thereon as fixed by the Supplemental Resolution to be adopted by the Board at the time of approval of sale of said BANs, with the sale price thereof to be not less than a price such that the interest cost of the proceeds therefrom, computed according to standard tables of bond values, does not exceed that allowed under the Act and other applicable provisions of law.

"Other Grants" means, collectively, all grants other than the EPA Grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds, BANs or GANs, and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered or all BANs or GANs, as the case may be, theretofore and thereupon being authenticated and delivered except (i) any Bond, BAN or GAN cancelled by the Bond Registrar, or Notes Registrar, at or prior to said date; (ii) any Bond, BAN or GAN for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder or under the Indenture or Agreement, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond, BAN or GAN deemed to have been paid as provided in Article X hereof or as provided in the Indenture or Agreement, as

applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds, BANs or GANs registered to the Issuer.

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

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the BANs or GANs or the Authority BANs in the Indenture, the Agreement or 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, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds issued by the Authority.

"Project" means the acquisition and construction of the sewer facilities substantially as described in Exhibit E attached hereto and incorporated herein by reference.

"Purchase Price," for the purpose of computation of the Yield of the Series 1989 A 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 Series 1989 A 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 Series 1989 A Bonds of each maturity is sold or, if the Series 1989 A Bonds are privately placed, the price paid by the first buyer of the Series 1989 A Bonds or the acquisition costs 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 Series 1989 A Bonds for

acquisition thereof or, if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1989 A Bonds.

"PSC" means the Public Service Commission of West Virginia and any successors to the functions thereof.

"PSC Order" means the final order of the PSC in Case No. 87-568-S-CN, which was entered by the Administrative Law Judge on November 23, 1988, and became a final order on December 7, 1988, as supplemented by the final order of the PSC entered on January 13, 1989.

"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 any said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

(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 any said repurchase agreement either must mature as nearly as practicable coincident with the maturity of said repurchase agreement or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreement, 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 Code of West Virginia, 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.

"Registrar" means, as appropriate, either the Bond Registrar or the Notes Registrar or both.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01.

"Resolution" means this resolution, as from time to time amended or supplemented.

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

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

"Series 1989 A Bonds" means the not more than $2,700,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series 1989 A, of the Issuer originally authorized hereby and where applicable the Authority BANs pending the issuance of the Series 1989 A Bonds.

"Series 1989 A Bonds Reserve Account" means the Series 1989 A Bonds Reserve Account established in the Series 1989 A Bonds Sinking Fund pursuant to Section 5.02.

"Series 1989 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 1989 A Bonds in the then current or any succeeding year.

"Series 1989 A Bonds Sinking Fund" means the Series 1989 A Bonds Sinking Fund established by Section 5.02.

"State" means the State of West Virginia.

"Subordinate Bonds" means the not more than $800,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1989, of the Issuer originally authorized hereby.

"Subordinate Bonds Reserve Account" means the Subordinate Bonds Reserve Account established in the Subordinate Bonds Sinking Fund pursuant to Section 5.02.

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

"Subordinate Bonds Sinking Fund" means the Subordinate Bonds Sinking Fund established by Section 5.02.

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

"Surplus Revenues" means the Net Revenues not required by this Resolution or the FmHA Resolution to be set aside and held for the payment of or security for the Bonds, the FmHA Bonds, the BANs, the Authority BANs or any other obligations of the Issuer, including the Renewal and Replacement Fund and the reserve accounts on account of the Bonds and the FmHA Bonds, the proceeds of which Bonds, FmHA Bonds, BANs or other obligations are to be used to pay Costs of the Project.

"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.

"Trustee" means the banking institution or institutions designated as trustee for the Noteholders under the Indenture or the Agreement, as the case may be, if any, its successors and assigns.

"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 Series 1989 A Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public corporation and political subdivision of the State in Wayne County, West Virginia.

B. The Issuer does not presently own or operate a public sewage treatment, collection or transportation system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewer facilities of the Issuer, consisting of the Project at an estimated cost of $12,530,320, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to enter into an agreement with the City of Huntington, West Virginia (the "City"), and the Sanitary Board thereof, for the treatment, purification and disposal of its liquid and solid wastes, sewage and industrial wastes and other services in connection therewith, which agreement will be approved by ordinance enacted by the Council of the City and by a resolution adopted by the Board and is to be approved by an order of the PSC prior to the issuance of the Bonds or Notes authorized hereby.

D. 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 the System, the principal of and interest on the Bonds and the FmHA Bonds and all sinking fund, reserve account and other payments provided for herein, in the FmHA Resolution and in the PSC Order.

E. It is deemed necessary for the Issuer to issue its revenue bonds in the total aggregate principal amount of not more than $3,500,000 in two series, being the Series 1989 A Bonds in the aggregate principal amount of not more than $2,700,000, and the Subordinate Bonds in the aggregate principal amount of not more than $800,000, and pending the issuance thereof its Authority BANs in the aggregate principal amount of not more than $3,500,000 to permanently finance a portion of the cost of acquisition and construction of the Project, and to issue contemporaneously therewith its bond anticipation notes in the aggregate principal amount of not more than $2,000,000 to temporarily finance costs of acquisition and construction of the Project pending the issuance of or receipt of the proceeds of the FmHA Bonds. Said costs shall be deemed to include the cost of all property

rights, easements and franchises deemed necessary or convenient therefor; interest upon the BANs during the term thereof, upon the GANs for a term to be set forth in the Supplemental Resolution or the Agreement and upon the Authority BANs and Bonds prior to and during construction or acquisition and for six 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 and 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, 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 Notes 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 the same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any costs of obtaining insurance thereon or a letter of credit in connection therewith; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds, the Authority BANs or Notes or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

F. Concurrently herewith, the Issuer is adopting the FmHA Resolution and, as determined by the Supplemental Resolution, will concurrently with the issuance of the Bonds either issue the FmHA Bonds or receive from FmHA an irrevocable commitment to accept delivery of and pay for the FmHA Bonds on a certain date or dates.

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

H. It is in the best interests of the Issuer that its Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement and pending the issuance thereof that the Authority BANs be sold to the Authority.

I. Except for the FmHA Bonds, there are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Authority BANs shall be payable from the proceeds of the Bonds and from the Net Revenues on a parity basis with the FmHA Bonds if the Bonds are not issued. The Series 1989 A Bonds shall be on a parity with the FmHA Bonds. The Subordinate Bonds shall be junior and subordinate to the Series 1989 A Bonds as set forth herein and to the FmHA Bonds. The BANs shall be payable from the proceeds of the FmHA Bonds

and, on a basis subordinate to the FmHA Bonds and the Bonds, from the Net Revenues. The GANs shall not be payable from the Net Revenues, but shall be payable from Grant Receipts or Surplus Revenues, all as shall be set forth in the Agreement or the Supplemental Resolution authorizing the GANs.

J. 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, the Authority BANs, the BANs and the GANs, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of the PSC Order, the time for rehearing and appeal of which have expired and, if a promissory note is issued to the County, prior approval of the Agreement by the State Attorney General.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds, the Authority BANs, the BANs and the GANs by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, 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 and Notes of like series, respectively, 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, between any one Authority BAN and any other Authority BAN, between any one BAN and any other BAN, or between any one GAN and any other GAN, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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 in accordance with the plans and specifications which have been prepared by the Consulting Engineers and heretofore filed in the office of the Governing Body.

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 1989 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 as shall be specified in the Supplemental Resolution, there shall be issued negotiable Bonds of the Issuer in an aggregate principal amount of not more than $3,500,000. Said Bonds shall be issued in two series, to be designated respectively "Sewerage System Revenue Bonds, Series 1989 A," in the aggregate principal amount of not more than $2,700,000, and "Subordinate Sewerage System Revenue Bonds, Series 1989," in the aggregate principal amount of not more than $800,000, and shall have such terms as are set forth hereinafter and in the Supplemental Resolution. Either the Bonds or the Authority BANs shall be issued contemporaneously with the issuance of the BANs. 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 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 and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from 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 Resolution 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 Resolution. 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, 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, and each successive

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

So long as 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 Resolution. 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 and amounts, if any, in the respective Reserve Accounts. 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. Bonds Secured by Pledge of Net Revenues; Subordinate Bonds to be Junior and Subordinate to Series 1989 A Bonds. The payment of the debt service of all the Series 1989 A Bonds shall be secured forthwith equally and ratably with each other, and with the FmHA Bonds, by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Subordinate Bonds shall also 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 the Series 1989 A Bonds and the FmHA Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make 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 1989 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BOND, SERIES 1989 A

No. AR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Wayne 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 _____, _____, 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 Code of West Virginia, 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution duly adopted by the Issuer on _____, 1989 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution 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 Resolution.

THIS BOND [IS] [SHALL BE] ON A PARITY AS TO LIEN ON AND SOURCE OF PAYMENT AND SECURITY FROM THE NET REVENUES (AS DEFINED IN THE RESOLUTION) WITH $_____ IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, ISSUED TO THE UNITED STATES DEPARTMENT OF AGRICULTURE, FARMERS HOME ADMINISTRATION (THE "SERIES 1989 B BONDS").

THIS BOND IS ISSUED CONCURRENTLY WITH THE SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989, OF THE ISSUER (THE "SUBORDINATE BONDS"), ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____, WHICH SUBORDINATE BONDS ARE JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR PAYMENT TO THE BONDS.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, moneys in the Reserve Account created under the Resolution for the Bonds (the "Series 1989 A Bonds Reserve Account") and unexpended proceeds of the Bonds and the Subordinate 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 1989 A Bonds Reserve Account and unexpended Bond and Subordinate Bond proceeds. Pursuant to the Resolution, 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, including certain reserves required by the Public Service Commission of West Virginia, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Bonds, the Subordinate Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Subordinate Bonds, including the Series 1989 B Bonds, provided however, that so long as the Series 1989 A Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal and interest which will come due on the Bonds in the then current or any succeeding year, the reserve account for the Subordinate Bonds is funded at an amount at least equal to the maximum amount of principal which will become due on the Subordinate Bonds in the then current or any succeeding year and the reserve account for any other obligations outstanding prior to or on a parity with the Bonds or the Subordinate Bonds, including the Series 1989 B Bonds, is funded at 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 Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, 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 Resolution, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Resolution, 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 Resolution, 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, NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 1989.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 A Bonds described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

_____
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 said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Subordinate Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
SUBORDINATE SEWERAGE SYSTEM REVENUE BOND, SERIES 1989

No. SR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Wayne 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 _____, 19__.

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 Code of West Virginia, 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution duly adopted by the Issuer on _____, 1989 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution 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 Resolution.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A, OF THE ISSUER (THE "SERIES 1989 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE RESOLUTION AND IS ALSO JUNIOR AND SUBORDINATE TO CERTAIN SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, ISSUED TO THE UNITED STATES OF AMERICA, FARMERS HOME ADMINISTRATION IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1989 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1989 A Bonds and the Series 1989 B Bonds herein described and from all moneys in the reserve account created under the Resolution (the "Subordinate Bonds Reserve Account") for the bonds of this series (the "Bonds") 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 Subordinate Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, 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, including certain reserves required by the Public Service Commission of West Virginia, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Bonds, the Series 1989 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1989 A Bonds, including the Series 1989 B Bonds, provided however, that so long as the Subordinate Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal which will become due on the Bonds in the then current or any succeeding year, the reserve

account for the Series 1989 A Bonds is funded at an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and the reserve account for any prior or parity obligations, including the Series 1989 B Bonds, 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 Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, 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 Resolution, only upon the books of _____ _____, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements 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 Resolution, 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 1989 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 Resolution, 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, NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 1989.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

_____
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 said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Bonds; Ratification and Execution of Loan Agreement with Authority. The Authority BANs and the Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved.

Section 3.11. "Amended Schedule A" Filing; Tender of the Subordinate Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Subordinate Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Subordinate Bonds for payment until the outstanding Notes have been paid.

ARTICLE IV

NOTES

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending issuance of the FmHA Bonds or payment of all advances of principal of the FmHA Bonds, or both, as the case may be, the Issuer may issue and sell its bond anticipation notes in the aggregate principal amount of not to exceed $2,000,000. The BANs shall be in a form set forth in the Indenture or the Supplemental Resolution. The BANs shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption and shall have such other provisions not inconsistent with this Resolution as shall be provided in the Indenture and Supplemental Resolution.

Section 4.02. Terms of and Security for BANs; Indenture. The BANs shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, with such terms as are set forth in the Indenture or Supplemental Resolution. The BANs shall be secured by the proceeds of the FmHA Bonds, which are hereby pledged for such purpose and, on a basis subordinate to the Bonds and the FmHA Bonds, if issued, the Net Revenues, which are also hereby pledged for such purpose. Upon further authorization by the Supplemental Resolution, execution and delivery of the Indenture is hereby authorized.

Section 4.03. BANs are Special Obligations. The BANs shall be special obligations of the Issuer payable as to principal and interest solely from the respective sources described above and in the Indenture. The BANs do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the BANs. The Holders of the BANs shall never have the right to compel the forfeiture of any property of the Issuer. The BANs shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture or the Supplemental Resolution.

Section 4.04. GANs and Agreement. In order to pay certain Eligible Costs of the Project pending the receipt of Grant Receipts and upon further authorization by the Supplemental Resolution, execution and delivery of the Agreement in substantially the form attached as Exhibit A is hereby authorized. To evidence the Issuer's obligations under the Agreement, there is hereby authorized the issuance of the

GANs, in the form of a promissory note to the County, in an aggregate principal amount not to exceed $2,000,000. The Issuer's obligations on the promissory note shall be secured by a pledge of the Grant Receipts, all the funds and accounts established by the Agreement, the net proceeds of any refunding notes and the Surplus Revenues, if any. If so provided by the Supplemental Resolution, the Issuer may, rather than entering the Agreement in substantially the form attached as Exhibit A, issue the GANs and sell the same to a third party upon such terms and conditions as are then set forth in such Supplemental Resolution. If authorized by the Supplemental Resolution, such obligations under the Agreement or such GANs may also be secured by the net proceeds of a letter of credit in an amount not to exceed $800,000.

Section 4.05. Issuance of Authority BAN. In order to pay certain Costs of the Project, pending the receipt of the proceeds of the Bonds Authority BAN, in an aggregate principal amount not to exceed $3,500,000. The Authority BAN shall have such provisions as to execution, authentication, registration, negotiability, transfer and such other terms and provisions as are set forth in connection with the Bonds in Article III hereof, and as shall be further set forth with respect to the Authority BAN in the Supplemental Resolution.

Section 4.06. Form of BAN. The text of the Authority BAN shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF BAN]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM BOND ANTICIPATION NOTE,
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SERIES)

No. R-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay 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 Note 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 April 1, 1989. Principal of this Note is payable in any coin or currency which, on the date of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, upon surrender of this Note at the principal office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Note is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 1st day of the month preceding an interest payment, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Note is subject to mandatory redemption in whole, within 15 days following receipt by the Issuer of notification from the Authority that it is prepared to purchase the Series 1989 A Bonds and the Subordinate Bonds (as hereinafter defined), or otherwise provide for redemption hereof, at the price of 100% of the principal amount oustanding plus interest accrued to the date of such redemption.

This Note constitutes all of the Notes of an issue of Sewerage System Bond Anticipation Notes, West Virginia Water Development Authority Series of the Issuer (the "Notes"), issued to temporarily finance a portion of the costs of the construction and acquisition of a sewage collection and transportation system of the Issuer (the "Project"), to capitalize interest on the Notes during construction and for a period of ___ months thereafter and to pay certain costs of issuance thereof and related costs. This Note is issued under the authority of and in full compliance with the statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a resolution adopted by the Governing Body of the Issuer on January 30, 1989, and supplemented thereby on January 30, 1989 (collectively, the "Resolution").

This Note is issued concurrently with the Sewerage System Revenue Bonds, Series 1989 B of the Issuer (the "Bonds"), issued in the aggregate principal amount of $1,950,000, which Series 1989 B Bonds are on a parity with the Notes with respect to the lien on and pledge of the Net Revenues (as defined in the Resolution).

This Note is payable from proceeds of the Issuer's Sewerage System Revenue Bonds, Series 1989 A (the "Series 1989 A Bonds") and Subordinate Sewerage System Revenue Bonds, Series 1989 (the "Subordinate Bonds"), expected to be purchased by the Authority in accordance with a letter of the Authority dated _____, 1989, related to such purchase. In the event the Series 1989 A and Subordinate Bonds are not purchased by the Authority, this Note shall be payable from and secured by a pledge of the Net Revenues and on a parity with the Series 1989 B Bonds, moneys in the Reserve Account (the "BAN Reserve Account"), created under the Resolution for the Notes, and unexpended proceeds of the Notes. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds or notes which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from the proceeds of the Series 1989 A and Subordinate Bonds, said special fund provided from the Net Revenues, the moneys in the BAN Reserve Account and unexpended proceeds of the Notes. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115%

of the maximum amount payable in any year for principal of and interest on the Notes, and all other obligations secured by a lien on or payable from the Net Revenues prior to or on a parity with the Notes, provided however, that so long as there exists in the BAN Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Notes in the then current or any succeeding year, and in the respective reserve accounts established for all other obligations outstanding prior to or on a parity with the Notes, 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 Notes for the terms of which reference is made to the Resolution. Remedies provided the registered owners of the Notes are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Note 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 Note 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.

This Note, under the provisions of the Bond Act, is and has 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.

All money received from the sale of this Note, 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 Resolution, 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 Note subject, however, to the parity lien thereon in favor of the holders of the Series 1989 B 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 Note have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Consitution 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 Note.

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

IN WITNESS WHEREOF, NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT has caused this Note to be signed by the manual signature of its Chairman and its corporate seal to be impressed hereon and attested by the manual signature of its Secretary and has caused this Note to be dated _____, 1989.

NORTHERN WAYNE COUNTY PUBLIC
SERVICE DISTRICT

_____
Chairman

[SEAL]

ATTEST:

_____
Secretary

REGISTRAR'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the fully registered Bond Anticipation Notes described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date of Authentication: _____

_____

By _____
Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Note and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Note on the books kept for registration of the within Note with full power of substitution in the premises.

Dated: _____

_____

Signature Guaranteed: _____

Notice: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or any change whatever.

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 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;

(2) Renewal and Replacement Fund; and

(3) 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 1989 A Bonds Sinking Fund;

(a) Within the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account.

(2) Subordinate Bonds Sinking Fund;

(a) Within the Subordinate Bonds Sinking Fund, the Subordinate Bonds Reserve Account.

(3) Authority BANs Sinking Fund;

(a) Within the Authority BANs Sinking Fund, the Authority BANs Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month and without distinction or priority between the two payments, (i) commencing 7 months prior to the first date of payment of interest on the Series 1989 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 1989 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1989 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 1989 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; and (ii) make the payment into the sinking fund on account of interest required by the FmHA Resolution.

(3) The Issuer shall next, on the first day of each month and without distinction or priority between the two payments, (i) commencing 13 months prior to the first date of payment of principal on the Series 1989 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1989 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 1989 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; and (ii) make the payment into the sinking fund on account of principal required by the FmHA Resolution.

(4) The Issuer shall next, on the first day of each month and without distinction or priority between the two payments, (i) commencing 13 months prior to the first date of payment of principal of the Series 1989 A Bonds, if not fully funded upon issuance of the Series 1989 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1989 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1989 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 1989 A Bonds Reserve Requirement; and (ii) make the payment into the reserve account required by the FmHA Resolution.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the Project, 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 1989 A Bonds Reserve Account, but not less than $2,333.33 ($28,000 each year). 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 1989 A Bonds Reserve Account or the reserve account for the FmHA Bonds, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4), shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) 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 Subordinate Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Subordinate Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Subordinate 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 Subordinate 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.

(7) 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 Subordinate Bonds, if not fully funded upon issuance of the Subordinate Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Subordinate Bonds Reserve Account, an amount equal to 1/120 of the Subordinate Bonds Reserve Requirement; provided, that no further payments shall be made into the Subordinate 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 Subordinate Bonds Reserve Requirement.

In the event the Bonds and Subordinate Bonds are not issued prior to April 1, 1990, the payments which would have been made with respect to the Bonds and Subordinate Bonds set forth in Section 5.03(2), (3) and (4) hereof shall be made into the Authority BAN Sinking Fund on behalf of the Authority BAN.

Moneys in the Series 1989 A Bonds Sinking Fund or the Authority BAN Sinking Fund and the Subordinate Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Authority BAN or the respective series

of Bonds as the same shall become due. Moneys in the Authority BAN Reserve Account, the Series 1989 A Bonds Reserve Account and the Subordinate Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Authority BAN or 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, and such amounts shall be deposited in the Earnings Fund as required by Section 8.03.

Any withdrawals from the Series 1989 A Bonds Reserve Account or the Authority BAN which result in a reduction in the balance of the Series 1989 A Bonds Reserve Account or the Authority BAN to below the Reserve Requirements therefor shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1989 A Bonds Sinking Fund or the Authority BAN Sinking Fund, the sinking fund for the FmHA Bonds, the Series 1989 A Bonds Reserve Account or the Authority BAN and the reserve account for the FmHA Bonds, including deficiencies for prior payments, have been made in full.

Any withdrawals from the Subordinate Bonds Reserve Account which result in a reduction in the balance of the Subordinate Bonds Reserve Account to below the Subordinate Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1989 A Bonds Sinking Fund, the sinking fund for the FmHA Bonds, the Series 1989 A Bonds Reserve Account, the reserve account for the FmHA Bonds, the Renewal and Replacement Fund and the Subordinate Bonds Sinking Fund, including deficiencies for prior payments, have been made 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 any interest on such 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 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 Resolution.

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 Authority BAN or respective Bonds and any Parity Bonds 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 and in the FmHA Resolution 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 Sinking Funds, including the Reserve Accounts therein, the sinking fund and reserve account for the FmHA Bonds and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Excess Revenues. Excess Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund and may constitute Surplus Revenues.

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; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Paragraph (A), above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority. No such deficiency shall exist solely because the required payments into the Reserve Accounts or the reserve account for the FmHA Bonds have not, as of such date, funded such account to the requirement therefor.

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.

H. A percentage of the Tap Fees, to be designated by the Supplemental Resolution and to equal the percentage the Bonds are of the total Authority BAN or Bonds and FmHA Bonds, shall be deposited by the Issuer as received in the Bond

Construction Trust Fund and, following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND AND AUTHORITY BAN PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. If the Authority BANs are not issued, from the moneys received from the sale of any or all of the Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1989 A Bonds, there shall first be deposited with the Commission in the Series 1989 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 1989 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 1989 A Bonds, there shall be deposited with the Commission in the Series 1989 A Bonds Reserve Account and, from the proceeds of the Subordinate Bonds, there shall be deposited with the Commission in the Subordinate Bonds Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1989 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

D. 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.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholders 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 this Resolution. 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 1989 A Bonds and thereafter for the Subordinate Bonds.

Section 6.02. Application of Authority BAN Proceeds; Pledge of Unexpended BAN Proceeds. From the moneys received from the sale of the Authority BAN, the following amounts shall be deposited in the order set forth below:

A. From the proceeds of the Authority BAN, there shall first be Authority BAN Sinking Fund, the amount, in any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Authority BAN for the period commencing on the date of issuance of the Authority BAN and ending 6 months after the estimated date of completion of construction of the Project.

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

C. The remaining moneys derived from the sale of the Authority BAN 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 6.04.

Section 6.03. Application of Bond; Pledge of Unexpended Bond Proceeds. The entire proceeds of the Bonds (except for any funding of capitalized interest on the Series 1988 A Bonds, as shall be determined by the Supplemental Resolution) shall be applied to payment of the principal of the Authority BAN and any remaining proceeds shall be deposited in the Bond Construction Trust Fund. Upon such payment of the Authority BAN, all moneys in the Authority BAN Reserve Account shall be transferred to the Reserve Accounts so as to satisfy the Reserve Requirements thereof, and all moneys in the BAN Sinking Fund shall be transferred to the Series 1988 A Bonds Sinking Fund.

Section 6.04. Disbursements from the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Bonds originally authorized hereby, 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 written 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 1989 A Bonds Reserve Account or the Authority BAN Reserve Account, and when fully funded to the Subordinate 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 Authority BAN or the respective series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Subordinate Bonds to the Issuer pursuant to the provisions of the Loan Agreement, such moneys shall be applied to the purchase of such Subordinate Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution 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 Resolution, the Issuer hereby covenants and agrees with the Holders of the Authority BANs or the Bonds, as the case may be, 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 Authority BANs or the Bonds, as the case may be, or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the BANs or GANs, as the case may be, when due, and to the extent they do not materially adversely affect Bondholders, the owners of the FmHA Bonds or other Noteholders, the covenants, agreements and provisions contained in this Resolution shall, where applicable, also inure to the benefit of the Holders of the BANs or GANs and the Trustee or Trustees therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or Trustees or any Holder or Holders of said BANs or GANs as prescribed in the Indenture or the Agreement, respectively; provided, that Section 7.04 and Section 7.09 shall not be applied to the BANs or GANs.

Section 7.02. Bonds, Authority BANs, and Notes not to be Indebtedness of the Issuer. Neither the Bonds, Authority BANs nor the Notes shall 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 Resolution. No Holder or Holders of any Bonds, Authority BANs or Notes shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds, Authority BANs or Notes or the interest thereon.

Section 7.03. Authority BANs and Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1989 A Bonds and the Authority BAN until the Bonds are issued, issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the FmHA Bonds, and payment of the debt service of the Subordinate Bonds issued hereunder shall be secured forthwith equally and ratably by a

lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1989 A Bonds and the FmHA Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds or the Authority BAN and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in this Resolution 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 Resolution.

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 described in and ordered by the PSC Order, which schedule is attached as Exhibit G hereto and incorporated herein by reference.

Section 7.05. Sale of the System. Except as otherwise required by law, 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 and Notes, if any, Outstanding, or to effectively defease this Resolution in accordance with Section 10.01 hereof and, if entered into and not previously defeased, the Indenture and the Agreement. 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. With respect to the BANs or GANs, such proceeds in an amount sufficient to pay the BANs or GANs in full shall be applied to the payment of the BANs or GANs, either at maturity or, if allowable under the Supplemental Resolution or the Indenture or Agreement, prior thereto.

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 $20,000, 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 $20,000 but not in excess of $100,000, 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 $20,000 and not in excess of $100,000, shall, with the written consent of the Authority if the Authority is the Holder of any of the Bonds, be remitted by the Issuer to the Commission for deposit in the appropriate Sinking Fund and shall be applied only to the purchase or optional redemption of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. The 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 Resolution. 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 $100,000 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 and the Consulting Engineers. 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 and except with respect to the Bonds and the FmHA Bonds, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the BANs prior to or on a parity with the lien on behalf of such BANs until such BANs have been defeased in accordance with the provisions of the Indenture; and, except

for the FmHA Bonds, 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 Parity Bonds 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 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 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 Resolution, 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 Resolution, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1989 A Bonds, unless the Subordinate Bonds are no longer outstanding or the Issuer receives the prior written consent of the Owner or Owners of the Subordinate Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding 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 FmHA Bonds;

(2) The Bonds then Outstanding;

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

(4) 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 PSC, 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 (i) 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 and approved by the PSC, the period for appeal of which has expired prior to issuance of such Parity Bonds and (ii) shall be adjusted by subtracting the amount of any reserves required by the PSC Order or any supplement or amendment thereto.

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 Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this 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 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Resolution with respect to the Bonds then Outstanding, and any other payments provided for in this Resolution, 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 Resolution.

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 or of a Note or Notes issued pursuant to this Resolution or the Trustee 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 PSC. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues, Excess 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 Resolution and the Indenture and Agreement with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall submit said report to the Trustee and the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Resolution.

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, including any reserves required by the PSC Order or any supplement or amendment thereto and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the FmHA Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds, including the FmHA Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Bonds and all other obligations secured by a lien on 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 Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

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 and regulations of the PSC and other laws of the State.

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 PSC, 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 PSC, 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. The Issuer further covenants to use its best efforts to enter into agreements with any other entities providing water to its users, providing for discontinuing and shutting off the services and facilities of the water system to users of the System delinquent in payment.

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 or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project 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 $500,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and

not less than $200,000 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 prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(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. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.15. 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 PSC, 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 Series 1989 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1989 A Bonds during the term thereof is, under the terms of the Series 1989 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1989 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1989 A Bonds during the term thereof is, under the terms of the Series 1989 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1989 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1989 A 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 5% of the Net Proceeds of the Series 1989 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1989 A 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 exclusion from gross income for federal income tax purposes of interest on the Series 1989 A Bonds, including without limitation the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Series 1989 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) 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 1989 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Subordinate Bonds but shall be on a parity with that in favor of the owner or owners of the FmHA Bonds.

Section 7.19. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or admendment thereto.

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

Except as specifically provided herein, 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 Authority BANs and Series 1989 A Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Authority BANs and Series 1989 A Bonds, so that the Authority BANs and Series 1989 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and the 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 Authority BANs and Series 1989 A Bonds) so that the interest on the Authority BANs and Series 1989 A Bonds

will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 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 Resolution, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Resolution on account of the Series 1989 A Bonds, 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 or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code or the Loan Agreement, 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 for the payment 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 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Series 1989 A Bonds, the Issuer shall calculate, and shall provide written notice to the Authority 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 Series 1989 A Bonds shall be determined based on the actual Yield of the Series 1989 A Bonds during the period between the Closing Date of the Series 1989 A 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 Series 1989 A Bonds, 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 Series 1989 A 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 from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required 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 Series 1989 A 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.

I. REPORTING TO AUTHORITY. The Issuer shall furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds or the Authority BANs, as the case may be:

(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 Resolution, any Supplemental Resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Bond Registrar, any 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 rights and, in particular, (i) bring suit for any unpaid principal or interest than 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 this Resolution 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 at law or bill in equity enjoin any acts in violation of the Resolution with respect to the Bonds, or the rights of such Registered Owners, provided however, that all rights and remedies of the Holders of the Subordinate Bonds shall be subject to those of the Holders of the Series 1989 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 this Resolution 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 the Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project, or both, 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 Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his 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 Resolution 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 Resolution 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, 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 Resolution, 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.

Section 9.04. Remedies on Parity with FmHA Bonds. The exercise of any remedy set forth above shall recognize and protect the parity rights of the owners of the FmHA Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1989 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 1989 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 Resolution, then with respect to the Series 1989 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1989 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1989 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 Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1989 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 1989 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 1989 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 1989 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 Series 1989 A 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 Subordinate Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Subordinate Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then with respect to the Subordinate Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Subordinate Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Subordinate 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, if any, on such Subordinate Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Subordinate 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, if any, due and to become due on said Subordinate 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, if any, on said Subordinate 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 Subordinate 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 10.03. Defeasance of the Authority BANs. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Authority BANs, the principal of and interest due or to become due thereon, at the times and in the manner set forth therein, then with respect to the BAN only, this Resolution and the pledge of Net Revenues and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Authority BANs shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 10.04. Defeasance of the BANs. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all BANs, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the BANs only, this Resolution, the Indenture, if any, and the pledge of the FmHA Bond proceeds and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the BANs shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 10.05. Defeasance of the GANs. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all GANs, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the GANs only, this Resolution, the Agreement and the pledge of the Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the GANs shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Series 1989 A Bonds, the Subordinate Bonds, the BANs or the GANs so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes 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 or Notes respectively required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Resolution may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds and the Notes from the gross income of the Holders thereof.

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

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; FmHA Resolution. All orders or resolutions and parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided, that no provision of the FmHA Resolution shall be repealed hereby. To the extent of any irreconcilable conflict between this Resolution and the FmHA Resolution, the provision most restrictive to the Issuer and protective of the Bondholders and owners of the FmHA Bonds shall apply.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the 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 30th day of January, 1989.

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Herman E. Wellman
Chairman, Public Service Board

Fred Russell
Member, Public Service Board

Steven R. Ipson
Member, Public Service Board

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of Northern Wayne County Public Service District on the 30th day of January, 1989.

Dated: January 30, 1989.

[SEAL]

Steven L. Gipson

Secretary, Public Service Board

INTERGOVERNMENTAL AGREEMENT, LOAN AGREEMENT
AND TRUST INDENTURE

By and Among

THE COUNTY COMMISSION OF WAYNE COUNTY,

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

and

THE FIRST HUNTINGTON NATIONAL BANK,
AS TRUSTEE

Securing
THE COUNTY COMMISSION OF WAYNE COUNTY (West Virginia)
Sewerage System Grant Anticipation Notes, Series 1989
(Northern Wayne County Public Service District Project)

Exhibit A

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THIS INTERGOVERNMENTAL AGREEMENT, LOAN AGREEMENT AND TRUST INDENTURE, dated as of February 15, 1989, herein called the "Indenture," by and among THE COUNTY COMMISSION OF WAYNE COUNTY, a public corporation acting for and on behalf of Wayne County, West Virginia, a political subdivision of the State of West Virginia, herein called the "Issuer," NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State West Virginia, herein called the "Grantee" and THE FIRST HUNTINGTON NATIONAL BANK, Huntington, West Virginia, a national banking association authorized to accept and execute trusts and covenants of the character herein set forth, herein called the "Trustee."

WHEREAS, capitalized words used and not otherwise defined in these Preambles and the Granting CLauses below have the respective meanings given them in Section 1.01 hereof;

WHEREAS, the Grantee has undertaken the acquisition and construction of certain new public sewerage facilities to be financed in part from the proceeds of a grant from the EPA and in part by sewer revenue bonds and bond anticipation notes contemporaneously or heretofore issued by the Grantee, and the Grantee has determined to undertake a joint project with the Issuer in providing interim financing for such acquisition and construction;

WHEREAS, the Grantee has requested the assistance of the Issuer and the Issuer has agreed to assist the Grantee in the manner provided herein by entering jointly into this Indenture with the Grantee as an intergovernmental agreement, pursuant to the Intergovernmental Relations Act and as a loan agreement pursuant to the Bond Act;

WHEREAS, by the Grantee Resolution, the Governing Body of the Grantee duly authorized construction and acquisition of the Project at an estimated cost of $12,251,157, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed in the office of the Governing Body of the Grantee;

WHEREAS, by resolution duly adopted on January 30, 1989, the Issuer has authorized the issuance of its Sewerage System Grant Anticipation Notes, Series 1989 (Northern Wayne County Public Service District Project), in the aggregate principal amount of $1,600,000 and the execution and delivery of this Indenture, the performance of its obligations hereunder and certain other instruments, certificates and other documents relating thereto;

WHEREAS, all necessary licenses, permits and/or approvals of governmental agencies and departments have been obtained for the construction and acquisition of the Project and operation of the System to the extent obtainable, and, to

the extent not yet obtainable, no difficulty is expected by the Grantee or the Consulting Engineers in obtaining such licenses, permits and/or approvals;

WHEREAS, the Grantee contemplates receiving certain Grant Receipts for the construction and acquisition of the Project, being specifically the proceeds of the EPA Grant expected to be received in the approximate amount of $7,651,320, and the Grantee has entered into an assistance agreement with the EPA, pursuant to which the EPA will reimburse the Grantee for approximately 76% of the Costs of the Project incurred by the Grantee and eligible for such reimbursement;

WHEREAS, the Grantee has heretofore received EPA Grant Receipts in the amount of $294,300 prior to delivery of the Notes.

WHEREAS, the Grantee has issued its Authority BANs in the aggregate principal amount of $2,704,000, pursuant to the PSD Act to permanently finance a portion of the Project Costs;

WHEREAS, the Grantee has issued its BANs in the aggregate principal amount of $1,850,000 pursuant to the PSD Act to finance a portion of the Project Costs pending receipt of the proceeds of the Series 1989 B Bonds issued simultaneously to the United States Department of Agriculture, Farmers Home Administration;

WHEREAS, it is deemed necessary for the Issuer to issue its Notes, in the aggregate principal amount of $1,600,000 to temporarily finance Costs of the Project pending receipt by the Grantee of the Grant Receipts not yet received by the Grantee, estimated to be $7,357,020;

WHEREAS, the Issuer has determined, as set forth in the Issuer Resolution, that the Issuer may issue the Notes and may enter into this Indenture to secure the Notes in the manner set forth herein;

WHEREAS, the Issuer is permitted pursuant to the Bond Act to finance the acquisition and construction of sewage disposal facilities by the issuance of revenue bonds, and the Grantee is permitted, pursuant to the PSD Act, to finance the acquisition and construction of sewerage facilities by the issuance of bonds, notes or other obligations, payable from proceeds of grants;

WHEREAS, pursuant to the Intergovernmental Relations Act, any public works which may be undertaken by a public agency acting alone may be exercised or undertaken jointly with any other public agency; both the Issuer and Grantee constitute

public agencies, and the activities of the Issuer and Grantee under and pursuant to this Indenture relate to the acquisition and construction of public works, all as such terms are defined by the Intergovernmental Relations Act;

WHEREAS, this Indenture is intended and hereby is declared to constitute an "intergovernmental agreement" as such term is defined in the Intergovernmental Relations Act and a "loan agreement," as such term is defined in the Bond Act, and a copy of this Indenture shall be filed with the Clerk of the Issuer and the Secretary of the Grantee;

WHEREAS, the Issuer and the Grantee hereby agree to jointly construct and finance the Project in compliance and accordance with the Intergovernmental Relations Act and this Indenture;

WHEREAS, the System is located entirely within the boundaries of Wayne County, West Virginia;

WHEREAS, the Notes originally authorized hereby and the Registrar's certificate of authentication and registration to be endorsed thereon are all to be in substantially the forms set forth in Exhibit A attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, the Grantee Resolution or the Issuer Resolution or deemed necessary by the Trustee, the Issuer and the Grantee; and

WHEREAS, this Indenture has been submitted to the Attorney General of the State of West Virginia, and the Attorney General has approved this Indenture; and

WHEREAS, all things necessary to make the Notes, when authenticated and registered by the Registrar and issued as in this Indenture provided, the valid, binding and legal special obligations of the Issuer and the Grantee according to the import thereof, and to constitute this Indenture a valid pledge and assignment of those funds pledged to the payment of the principal of and interest on the Notes and a valid pledge and assignment of the rights of the Issuer and the Grantee in the properties described in the granting clauses hereof have been done and performed; and the creation, execution and delivery of this Indenture, and the creation execution and issuance of the Notes, subject to the terms hereof and thereof, have in all respects been duly authorized and will not result in any breach of, or constitute a default under, any instrument to which the Issuer or the Grantee is a party or by which either may be bound or affected;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

The Issuer and the Grantee, in consideration of the premises and the acceptance by the Trustee of the Trust Estate hereby created, of the purchase and acceptance of the Notes by the Original Notes Purchaser and the Registered Owners thereof and of other good and lawful consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Notes according to their tenure and effect and to secure the performance and observance by the Issuer and the Grantee of all the covenants expressed or implied herein and in the Notes, have executed this Indenture and do hereby grant, bargain, sell, convey, pledge and assign the following to, and do hereby confirm and grant a security interest in the following to THE FIRST HUNTINGTON NATIONAL BANK, Huntington, West Virginia, as Trustee, and its successors in trust and assigns forever, all and singular the property hereinafter described, to wit:

FIRST GRANTING CLAUSE

All right, title and interest of the Issuer and the Grantee in and to the Grant Receipts, unexpended Notes proceeds and other moneys held in the Notes Debt Service Fund.

SECOND GRANTING CLAUSE

All right, title and interest of the Issuer and the Grantee in and to the proceeds of a draw under the Letter of Credit, net of the Issuer's costs of issuing refunding notes to evidence the Issuer's obligation to repay such draw.

THIRD GRANTING CLAUSE

All right, title and interest of the Issuer and the Grantee in and to the net proceeds of any refunding notes or other obligations issued for the purpose of paying all or a portion of the principal of or interest on the Notes.

FOURTH GRANTING CLAUSE

The Surplus Revenues, if any.

FIFTH GRANTING CLAUSE

All right, title and interest of the Issuer and the Grantee in and to the Grant Receipts and other moneys, including investment income and unexpended Notes proceeds, held in the Notes Construction Trust Fund established by this Indenture.

SIXTH GRANTING CLAUSE

All moneys and securities and all other rights of every kind and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security for the Notes hereunder to the Trustee by the Issuer, the Grantee or by anyone in their behalf, or with their written consent.

SUBJECT TO THE TERMS HEREOF, TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, and the rights and privileges hereby conveyed, pledged and assigned by the Issuer or the Grantee, or intended so to be, unto the Trustee and its successors and assigns forever, in trust, nevertheless, for the equal and proportionate benefit, security and protection of each and every Holder of the Notes, issued under and secured by this Indenture, without preference, priority or distinction as to the lien, benefit and protection hereof of one of the Notes over or from the others, for any reason whatsoever except as herein otherwise expressly provided, so that each and all of the Notes (except as so expressly provided), shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby;

PROVIDED, HOWEVER, and these presents are upon the express condition, that, if the Issuer, the Grantee or their successors or assigns shall well and truly pay or cause to be paid the principal of and interest on the Notes, according to the provisions set forth in the Notes and each of them or shall provide for the payment of such Notes by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment thereof when and as authorized by the provisions hereof, including Section 8.01, and shall also pay or cause to be paid all other sums payable with respect to the Notes hereunder by the Issuer or the Grantee, then these presents and the Trust Estate and rights hereby granted shall cease, determine and become void; otherwise, the provisions of this Indenture shall be and remain in full force and effect.

IT IS HEREBY COVENANTED, DECLARED AND AGREED by and between the parties hereto that the Notes issued hereunder are to be issued, authenticated, registered and delivered, and that the Trust Estate is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Issuer and the Grantee, for themselves and their successors and assigns, does hereby covenant and agree to and with the Trustee and its respective successors and assigns in said trust, for the benefit of the Holders of the Notes or any of them, as is set forth in this Indenture.

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. All capitalized terms used herein and not defined in the preambles hereof or as set forth below shall have the meanings set forth in Section 1.01 of the Grantee Resolution. In addition, notwithstanding other meanings which may have been assigned in the Grantee Resolution, the following terms shall have the following meanings in this Indenture, unless the context expressly requires otherwise:

"Administrator" means Anthony J. Danzo, who shall serve as administrator for the Project.

"Authority BANs" means the not more than $3,500,000 in aggregate principal amount of Sewerage System Bond Anticipation Notes (West Virginia Water Development Authority Series), originally authorized by the Grantee Resolution.

"Authorized Officer" means, with respect to the Issuer, the President of the Issuer or any other officer duly appointed as such by the Governing Body of the Issuer; and with respect to the Grantee, the Chairman of the Governing Body of the Grantee, or any other person duly appointed as such by the Governing Body of the Grantee.

"BANs" means the not more than $1,850,000 in aggregate principal amount of Sewerage System Bond Anticipation Notes, Series 1989, originally authorized by the Grantee Resolution.

"Bond Act" means Chapter 13, Article 2C of the Code of West Virginia, 1931, as amended.

"Bonds" means, collectively, the Series 1989 A Bonds, the Subordinate Bonds and the Series 1989 B Bonds and pending the issuance of the Series 1989 A Bonds and the Subordinate Bonds includes the Authority BANs.

"Clerk" means the Clerk of the Issuer.

"Consulting Engineers" means Regula Engineering, Inc., Huntington, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems or facilities that shall at any time hereafter be retained by the Grantee as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.03(E) of the Grantee Resolution to be a part of the cost of construction and acquisition of the Project.

"Credit Bank" means One Valley Bank of Huntington, Inc., Huntington, West Virginia, which will issue the Letter of Credit.

"Eligible Costs" means costs of the Project which are reimburseable in full on a dollar-for-dollar basis from the proceeds of the EPA Grant, the total of which are equal in amount to the EPA Grant.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the Grant from the EPA pursuant to the commitment therefor.

"EPA Grant Receipts" means all moneys received by the Grantee on account of the EPA Grant subsequent to the issuance of the Notes.

"Event of Default" means any occurrence or event specified in Section 6.01 hereof.

"Fiduciaries" means the Trustee, the Registrar, and the Paying Agent, all as hereinafter defined, as required by the context.

"Governing Body" means, with respect to the Issuer, the commission thereof and, with respect to the Grantee, the public service board thereof, as either is now or may hereafter be constituted.

"Grant Agreement" means a written commitment for the payment of the EPA 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 such Grant is to be paid to the Grantee; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all money received by the Grantee on account of any Grant subsequent to the issuance of the Notes.

"Grantee" means the Northern Wayne County Public Service District.

"Grantee Resolution" means, together, the Resolution adopted by the Governing Body of the Grantee on January 30, 1989, authorizing the issuance of the Series 1989 A Bonds and the BANs and this Indenture and the Resolution adopted by the Governing Body of the Grantee on January 30, 1989, authorizing the issuance of the Series 1989 B Bonds.

"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 Section 5.01) or any Tap Fees.

"Intergovernmental Relations Act" means Chapter 8, Article 23 of the Code of West Virginia, 1931, as amended.

"Investment Agreement" means the Investment Agreement dated February 15, 1989, by and among the Issuer, the Grantee and One Valley Bank of Huntington, Inc., Huntington, West Virginia.

"Issuer" means The County Commission of Wayne County, acting for and on behalf of Wayne County, West Virginia.

"Issuer Resolution" means the Resolution adopted by the Governing Body of the Issuer on January 30, 1989, authorizing among other things this Indenture.

"Letter of Credit" means the letter of credit issued by the Credit Bank, pursuant to which the Credit Bank has agreed to pay to the Trustee, upon presentation by the Trustee of certain certifications, a sum not to exceed $770,000.

"Net Revenues" means Gross Revenues less Operating Expenses, as hereinafter defined.

"Notes" means the $1,600,000 aggregate principal amount of Sewerage System Grant Anticipation Notes, Series 1989 (Northern Wayne County Public Service District Project), of the Issuer originally authorized hereby and, unless the context clearly indicates otherwise, includes any refunding notes of the Issuer.

"Notes Debt Service Fund" means the Notes Debt Service Fund established by Section 4.01.

"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 or in the Grantee Resolution 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, BANs or Notes, 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 Notes Purchaser" means Scott & Stringfellow, Inc., a Virginia corporation, or any successor thereto.

"Outstanding," as of any particular date, describes all Notes theretofore and thereupon being authenticated and delivered except (i) any Note cancelled by the Registrar at or prior to said date; (ii) any Note for the payment of which moneys, equal to its principal amount with interest to the date of maturity, shall be in trust hereunder and set aside for such payment; (iii) any Note deemed to have been paid as provided in Article VIII hereof; and (iv) for purposes of consents or other action by a specified percentage of Noteholders, any Notes registered to the Issuer or the Grantee.

"Paying Agent" or "Notes Paying Agent", means, with respect to the Notes, First Huntington National Bank, a national banking association, with principal office in Huntington, West Virginia, as paying agent for the Notes, and any successors thereto or any additional paying agent appointed pursuant to Section 7.12.

"Project" means the acquisition and construction of certain sanitary sewer facilities of the Grantee, consisting of approximately 43.7 miles of force main, 1.91 miles of gravity main, 11.41 miles of 1.2-inch force main service pipe, .07 mile of 4-inch gravity service pipe, 930 grinder pumps, 22 septic tanks, 4 main line pump stations, 31 manholes, valves and all other appurtenances and an administrative and maintenance building.

"PSC Order" means the final order of the Public Service Commission of West Virginia in Case No. 87-568-S-CN, which was entered by the Administrative Law Judge on November 23, 1988, and became a final order on December 7, 1988, as amended by the final order of the Public Service Commission entered on January 13, 1989.

"PSD Act" means Article 13A, Chapter 16 of the Code of West Virginia, 1931, as amended.

"Qualified Investments" means:

(a) Direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America ("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; Federal Home Loan Mortgage Corporation; Federal National Mortgage Association; Washington Metropolitan Area Transit Authority; and any bond, debenture, note, participation certificate or other similar obligations issued by any other federal agency;

(d) Interest-bearing time or demand deposits, certificates of deposit, repurchase agreements or other similar banking arrangements with any government securities dealer, bank, trust company, national banking association or other savings institution (including the Trustee), provided that such deposits, certificates, repurchase agreements and other arrangements are (i) fully insured by the Federal Deposit Insurance Corporation ("FDIC") or the Federal Savings and Loan Insurance Corporation or (ii) fully collateralized by permitted investments defined in (a) and (d) above or (iii) in or with a government securities dealer, bank, trust company, national banking association or other savings institution rated in either one of two highest rating categories by Moody's Investors Service, Inc. or Standard & Poor's Corporation, or another nationally recognized rating agency;

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

(f) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (d) 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;

(g) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended;

(h) The Investment Agreement entered by the Trustee at the direction of the Issuer and the Grantee upon delivery of the Notes; 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.

"Record Date" means the 1st day of the month preceding an interest payment.

"Registrar" or "Notes Registrar" means, with respect to the Notes, The First Huntington National Bank, a national banking association, with principal office in Huntington, West Virginia, as registrar for the original registration and the

transfer of registration of the Notes, or any successor thereto pursuant to Section 7.12 hereof.

"Registered Owner," "Holder," "Note Holder" or any similar term means the person in whose name such note is registered.

"Series 1989 A Bonds" means the not more than $2,700,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series 1989 A, of the Grantee.

"Series 1989 B Bonds" means the $1,950,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series 1989 B, of the Issuer.

"Subordinate Bonds" means the not more than $800,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1989, of the Issuer.

"Surplus Revenues" means the Net Revenues not required by the Grantee Resolution to be set aside and held for the payment of or security for the Bonds or the BANs or any other obligations of the Grantee, including the Renewal and Replacement Fund and the reserve accounts on account of the Bonds, the proceeds of which Bonds, BANs or other obligations are to be used to pay Costs of the Project.

"System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid waste, sewage or industrial waste, owned by the Grantee, 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.

"Trust Estate" means the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses hereof.

"Trustee" means THE FIRST HUNTINGTON NATIONAL BANK, a national banking association, with principal office in Huntington, West Virginia, its successors and assigns.

Additional terms and phrases are defined in this Indenture as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

Words importing singular number include the plural number in each case and vice versa; words importing the masculine, feminine or neuter gender include every other

gender; and words importing persons include firms, partnerships, associations and corporations.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Indenture; and the term "hereafter" means after the date of this Indenture.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Indenture so numbered.

ARTICLE II

THE NOTES

Section 2.01. Authorization and Terms of Notes. There shall be originally issued hereby the Notes of the Issuer. The Notes shall be designated "Sewerage System Grant Anticipation Notes, Series 1989 (Northern Wayne County Public Service District Project)." The Notes shall be in the aggregate principal amount of $1,600,000; shall be dated as of February 15, 1989; shall bear interest from the interest payment date next preceding the date of registration (unless registered as of an interest payment date, in which event from the date of registration or unless registered prior to August 15, 1989, in which event from February 15, 1989) at the rate of 6.875% per annum, payable from the funds provided therefor in accordance with Article IV hereof, semiannually on February 15 and August 15 of each year, commencing August 15, 1989, for the Notes upon original issuance; shall mature on August 15, 1991; and shall not be subject to redemption prior to maturity.

Interest on the Notes shall be payable to the Holder thereof at the address shown on the registry books maintained by the Registrar as of the Record Date by check or draft to be mailed by the Paying Agent or, in the case of a Registered Owner of $500,000 or more of the Notes, by wire transfer to a domestic bank account specified in writing to the Registrar at least 5 days preceding such interest payment date by such Registered Owner. Principal of the Notes shall be payable upon surrender of such Notes at the principal office of the Paying Agent in any coin or currency which, on the date of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America.

The Notes shall be issued in fully registered form, numbered from R-1 upward in denominations of $5,000 or any integral multiples thereof.

Section 2.02. Execution of Notes. The Notes shall be executed in the name of the Issuer by the manual or facsimile signature of the President and the seal of the Issuer shall be affixed thereto, or a facsimile of such seal imprinted thereon, and attested by the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Notes shall cease to be such officer before the Notes so signed and sealed shall have been actually sold and delivered, such Notes may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Notes had not ceased to hold such office. Any Notes may be signed and sealed on behalf of the Issuer by such person as at the actual time of the

execution of such Notes shall hold the proper office although at the date of such Notes, or at the date or registration thereof, such person may not have held such office or may not have been so authorized.

Section 2.03. Authentication and Registration. No Note shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication and registration on such Note, substantially in the form set forth in Exhibit A, attached hereto and incorporated herein by reference as a part hereof, shall have been manually executed by the Registrar. Any such executed certificate of the Registrar upon any such Note shall be conclusive evidence that such Note has been authenticated, registered and delivered under this Indenture and that the Holder thereof is entitled to the benefits hereof. The Registrar's certificate of authentication and registration on any Note shall be deemed to have been executed by it if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Notes issued hereunder.

Section 2.04. Form of Notes. The Notes originally issued under this Indenture shall be substantially in the form set forth in Exhibit A, attached hereto and incorporated herein by reference as a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture or the Issuer Resolution or deemed necessary by the Trustee and the Issuer.

Section 2.05. Delivery of Notes. Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver the Notes originally authorized hereby to the Registrar, for authentication and registration and, upon receipt by the Trustee of the documents set forth below, the Trustee shall direct the Registrar to deliver them to the Original Notes Purchaser as directed by the Issuer and as hereinafter in this Section 2.05 provided.

Prior to the delivery by the Registrar of any of the Notes, there shall be filed with the Trustee:

(A) A copy, duly certified by the Secretary, of the Grantee Resolution authorizing the execution and delivery of this Indenture by the Grantee and approving the issuance and sale of the Notes by the Issuer;

(B) A copy, duly certified by the Clerk, of the Issuer Resolution authorizing the execution and delivery of this Indenture by the Issuer and the issuance and sale of the Notes;

(C) An original executed counterpart of this Indenture;

(D) An original executed counterpart of the Investment Agreement;

(E) The original executed Letter of Credit;

(F) Copies, duly certified by the Secretary, of the Grant Agreements;

(G) A signed opinion of nationally recognized bond counsel regarding the validity of the Notes and this Indenture;

(H) A request and authorization to the Trustee on behalf of the Issuer, signed by the Authorized Officer, to cause the Notes to be authenticated and registered by the Registrar and delivered to the Original Notes Purchaser upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization plus interest accrued thereon to the date of delivery, the proceeds of which payment shall be paid over to the Trustee and deposited to the credit of the funds and accounts specified in Article IV hereof; and

(I) Such other documents, agreements or other materials as may be required by the Trustee, including, but not limited to, evidence that the Series 1989 A Bonds, the Subordinate Bonds and either the Series 1989 B Bonds or the BANs have been delivered and payment received therefor.

Section 2.06. Negotiability, Transfer and Registration. The Notes shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, but each of such Notes may only be transferred by transfer of the registration thereof as hereinafter provided. Each Note shall be transferable without service charge, except to the Issuer or the Grantee, upon the books required to be kept pursuant to Section 2.08 hereof, by the Holder thereof, in person or by his attorney duly authorized in writing, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. The Notes shall be exchangeable for a Note or Notes of authorized denominations also at the principal office of the Registrar.

For every exchange or transfer of Notes, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, but the Issuer or the Grantee shall pay any service charge in connection with transfer. No

transfer or exchange may be made of Notes during the period beginning on the Record Date and ending on the day next preceding such interest payment date.

Section 2.07. Notes Mutilated, Destroyed, Stolen or Lost. In case any Note shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Registrar shall authenticate, register and deliver, a new Note in exchange and substitution for such mutilated, destroyed, stolen or lost Note upon surrender and cancellation of such mutilated Note or in lieu of and substitution for the Note destroyed, stolen or lost and upon the Holder's furnishing the Issuer and the Trustee satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer or the Registrar may incur. All Notes so surrendered shall be submitted to and cancelled by the Registrar and held for the account of the Issuer. If such Note shall have matured or be about to mature, instead of issuing a substitute Note the Issuer may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender therefor.

Section 2.08. Registrar. The Issuer will keep or cause to be kept at the principal office of the Registrar, sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the Issuer; and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register all Notes initially issued pursuant hereto and register or cause to be registered, on such books, the transfer or exchange of Notes as hereinbefore provided.

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

Section 2.09. Loan and Repayment of Notes Proceeds. The Issuer shall loan the entire proceeds of the Notes, upon receipt, to the Grantee by depositing such proceeds with the Trustee, to be applied by the Grantee in the manner set forth in Section 4.05 hereof. The Grantee shall repay the loan of Notes proceeds to the Issuer by depositing with the Trustee the Grant Receipts and other moneys all as set forth in Article IV, hereof. To evidence its obligation to repay such loan from the sources and in the manner set forth herein, the Grantee shall

deliver a promissory note to the Issuer in substantially the form set forth in Exhibit B attached hereto and incorporated herein by reference.

ARTICLE III

SECURITY FOR AND COVENANTS REGARDING THE NOTES

Section 3.01. Payment of the Notes. Subject to the restrictions and limitations on the sources of payment hereinafter set forth, the Issuer and the Grantee covenant that they will promptly pay, or cause to be paid, the principal of and interest on the Notes issued under this Indenture at the place, on the dates and in the manner provided herein and in the Notes according to the true intent and meaning thereof. The principal of and interest on the Notes shall be payable solely from the sources set forth in the granting clauses hereof. The Notes are special obligations of the Issuer, payable solely from said sources described above, and do not and shall not constitute an indebtedness of the Issuer or the Grantee within the meaning of any constitutional or statutory provisions. The general funds of the Issuer or the Grantee are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer or the Grantee are pledged to the payment of the Notes. Neither the Trustee nor the Holders of the Notes shall ever have the right to compel the forfeiture of any property of the Issuer or the Grantee. The Notes shall not be a debt of the Issuer or the Grantee, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of their income, receipts or revenues except the Grant Receipts and other funds pledged therefor by this Indenture.

Notwithstanding anything in this Indenture to the contrary, neither the Issuer nor the Grantee shall be required to advance any money derived from any source of income other than the Grant Receipts and other funds pledged by this Indenture for the payment of the principal of or interest on the Notes or for the performance of any of their duties under this Indenture. The Issuer or Grantee may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Issuer or Grantee for such purpose without incurring indebtedness.

Section 3.02. Restrictions on Other Debt The Issuer and Grantee hereby covenant that, so long as any of the Notes originally issued hereunder are Outstanding, they will not, either jointly or individually, issue any bonds, notes or other evidences of indebtedness with a lien on or otherwise payable from any source of payment pledged for such Notes prior to or on a parity with the lien on behalf of such Notes, except that obligations which have a lien on the Net Revenues on parity with the lien of the Bonds or the BANs may be issued solely for the purpose of completing the Project.

Section 3.03. Particular Covenants. In order to secure the payment of the Notes, the Issuer and Grantee hereby particularly covenant and agree that if and so long as any of the Notes are Outstanding:

(A) The Grantee will proceed to complete with all practicable dispatch the construction and acquisition of the Project and will maintain, or require all contractors for the Project to maintain, as appropriate, all indemnity bonds and insurance required by the contract documents and by law;

(B) The Grantee and the Issuer will not make or cause or permit to be made any application of the proceeds of the Notes or of any moneys held in the Notes Debt Service Fund or the Notes Construction Trust Fund except in accordance with the provisions of Article IV hereof;

(C) The Grantee will prepare and submit to the Trustee, on or prior to the 15th day of each month during construction of the Project, a budget setting forth (i) anticipated expenditures for Costs of the Project by category during the current month and to the conclusion of construction, and the corresponding anticipated source of reimbursement, if any, and if not reimbursed, then the permanent source of funding for such Costs, (ii) an accounting of all moneys disbursed as of the current month for Costs of the Project, both cumulatively and during the previous 30-day period, and the corresponding source or anticipated source of reimbursement, if any, for such Costs and, if not reimbursed, then the permanent source of funding and (iii) any other information required by the PSC Order;

(D) The Grantee and the Issuer will comply in all respects with the terms, conditions and provisions of all Grant Agreements and with all applicable State and federal laws and regulations governing the implementation of any Grant Agreement;

(E) The Grantee will impose and collect rates and charges for the use and services of the System in accordance with the requirements of any Grant Agreement and the Grantee Resolution;

(F) The Grantee will take all actions necessary to enforce any Grant Agreement and to preserve its right to receive payments or reimbursements under the Grant Agreements;

(G) The Grantee will continue promptly to request any payment or reimbursement to which it has become entitled under the Grant Agreements;

(H) The Grantee will promptly pay over to the Trustee all Grant Receipts and Surplus Revenues, if any, when required, for deposit in the appropriate accounts;

(I) The Grantee will not unilaterally terminate, or enter into any agreement to terminate, any Grant Agreement;

(J) The Grantee and the Issuer will not create, assume or suffer to be created any judgment, mortgage or deed of trust, pledge or other lien, encumbrance or charge on the Gross Revenues or Net Revenues, the Surplus Revenues, if any, the Grant Receipts or on any property or assets, real or personal, of the System prior to or on a parity with the liens created on behalf of the Notes originally issued hereunder (except as permitted by Section 3.02 hereof);

(K) The Grantee and the Issuer will not direct the Trustee to invest any moneys held as a part of any fund or account hereunder in any Qualified Investment other than the Investment Agreement, except that the Trustee may invest moneys in other Qualified Investments for periods not to exceed 10 days, pending their deposit under the Investment Agreement or other use;

(L) The Grantee and the Issuer will complete construction of the Project as expeditiously as possible and, if necessary due to cost overruns or otherwise, the Grantee will issue additional obligations to complete the Project in conformance with the provisions of the Grantee Resolution;

(M) The Grantee will comply with all conditions of the PSC Order applicable to the Notes; and

(N) All real and personal property acquired for the Project shall be and remain, following the termination of this Indenture, the property of the Grantee, and the Issuer shall have no interest therein.

Section 3.04. Required Notices to Trustee. The Issuer or the Grantee, as appropriate, will give to the Trustee and to such other party to this Indenture, and the Trustee shall promptly forward a copy to every registered owner of the Notes, prompt written notice, appropriately documented, of any change in the status of the Grants and of any authorization of additional indebtedness, including the issuance of completion obligations or refunding notes and particularly of any of the following events:

(A) Any substantial modification of a Grant;

(B) The suspension of any Grant, or the issuance of any stop-work order;

(C) The lifting or cancellation of the suspension of any Grant or of the issuance of any stop-work order;

(D) The termination of any Grant;

(E) The annulment of any Grant; and

(F) The proposed issuance of the Refunding Notes or any other refunding notes, completion bonds or other obligations.

Section 3.05. Letter of Credit; Refunding Notes. In the event that there are not funds in the Notes Debt Service Fund 5 days prior to the maturity date of the Notes originally issued hereunder sufficient to pay, at maturity, the entire principal of and interest on the Notes, the Trustee is required, pursuant to Section 4.07, to draw upon the Letter of Credit in an amount, the net proceeds of which will be sufficient to make up such deficiency, to the maximum amount permitted to be drawn under the Letter of Credit. To evidence its obligation under the Letter of Credit, the Issuer covenants to issue its refunding notes to the Credit Bank in an amount equal to such draw.

In addition, if after depositing the proceeds of such draw under the Letter of Credit in the Notes Debt Service Fund, the moneys therein are still not sufficient to pay, at maturity, the entire principal of and interest on the Notes, the Issuer and the Grantee covenant to use their best efforts to issue and sell additional refunding notes or other obligations in an amount which will provide net proceeds sufficient for such purpose.

Except for details thereof inconsistent herewith and as may be otherwise provided by an indenture or indentures supplemental hereto, such refunding notes or other obligations shall be subject to the terms and restrictions and secured, on a subordinate basis, by the covenants and in the manner set forth herein for the Notes originally issued hereunder, except that any refunding notes shall not be secured by the Letter of Credit.

The proceeds of any refunding notes or other obligations, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the Notes Debt Service Fund and used solely for the payment of the principal of and interest accrued on the Notes.

THE TRUSTEE SHALL, ON JULY 15, 1991, NOTIFY THE ISSUER AND THE GRANTEE IN THE EVENT THAT ON SUCH DATE THERE ARE NOT SUFFICIENT FUNDS IN THE NOTES DEBT SERVICE FUND TO PAY, AT MATURITY, THE PRINCIPAL OF AND INTEREST TO ACCRUE ON THE NOTES.

In the event refunding notes are issued by the Issuer, the loan from the Issuer to the Grantee shall continue to be unpaid and to be evidenced by the promissory note of the Grantee.

Section 3.06. Covenants in Grantee Resolution to Apply to Notes. Until payment in full of the Notes, all covenants, agreements and provisions contained in the Grantee Resolution shall, where applicable, inure to the benefit of the registered owners of the Notes, and to the Trustee, for and on behalf of the registered owners of the Notes.

Section 3.07. Tax Covenants. The following representations, covenants and agreements are hereby made with respect to the Notes:

A. SMALL GOVERNMENTAL UNIT EXCEPTION. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System; 95% or more of the net proceeds of the Notes are to be used for local governmental activities of the Issuer; and the aggregate face amount of all tax-exempt bonds (other than "private activity bonds") issued by the Issuer and all subordinate entities thereof during the calendar year 1989 (being the calendar year in which the Notes are to be issued), excluding any tax-exempt bond which is not outstanding at the time of a later issue or which is paid or redeemed from the net proceeds of a later issue, is not reasonably expected to exceed $5,000,000.

B. QUALIFIED TAX-EXEMPT OBLIGATION STATUS. The Issuer and all subordinate entities do not reasonably expect to issue more than $10,000,000 of tax-exempt obligations during the calendar year 1989 and hereby designates the Notes as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code.

C. REBATES. The Issuer believes that it is not subject to the "rebate" requirements of Section 148 of the Code. However, in the event that it may be determined by the United States Internal Revenue Service that the Issuer is subject to such rebate provisions, the Issuer hereby covenants to rebate to the United States Government any and all amounts required by said Section 148 of the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer covenants to pay any and all penalties and obtain a waiver from Internal Revenue Service in order to maintain the tax-exempt status of the Notes.

Section 3.08. Project Administrator. The Grantee and the Issuer hereby initially appoint Anthony J. Danzo as Administrator, who shall be responsible for administering the joint undertaking set forth herein.

ARTICLE IV

NOTES PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts. Pursuant to this Article IV, the following special funds or accounts are created with, and shall be held by, the Trustee:

(1) Notes Construction Trust Fund, and

(2) Notes Debt Service Fund.

Section 4.02. Notes Construction Trust Fund. The Notes Construction Trust Fund shall be segregated from all other funds and accounts of the Trustee, the Issuer and the Grantee and used solely for the purposes provided herein.

The Trustee shall disburse no moneys from the Notes Construction Trust Fund except to pay Costs of the Project as provided below, or to pay the principal of or interest on the Notes when due.

Section 4.03. Disbursements from Notes Construction Trust Fund. Payments for Costs of the Project from the Notes Construction Trust Fund shall be made monthly at the direction of the Grantee, subject to the requirements of this Section.

Disbursements from the Notes Construction Trust Fund (except for costs of issuance of the Notes) shall be made only after submission to the Trustee of a certificate, signed by an Authorized Officer of the Grantee, the Administrator 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 an Eligible Cost of the Project;

(C) That each of such Eligible 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 Trustee shall disburse from the Notes Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Notes Construction Trust Fund shall be presumed by the

Trustee to be made for the purposes set forth in said certificate, and the Trustee shall not be required to monitor the application of disbursements from the Notes Construction Trust Fund. The Consulting Engineers and the Chairman of the Governing Body shall from time to time file with the Trustee written statements advising the Trustee of its then authorized representative.

Pending such application, moneys in the Notes Construction Trust Fund shall be invested and reinvested in accordance with Article V hereof.

Whenever the Trustee shall have received notice pursuant to Section 3.04 hereof that any Grant has been suspended or a stop-work order has been issued, the Trustee shall not make further disbursements from the Notes Construction Trust Fund until it shall have received notice of the lifting of such suspension or stop-work order in accordance with such section. If the Trustee shall have received notice pursuant to said Section 3.04 that any Grant has been terminated or annulled, the Trustee shall not make any further disbursements from the Notes Construction Trust Fund, and it shall immediately transfer all moneys remaining in the Notes Construction Trust Fund to the Notes Debt Service Fund. Notwithstanding the foregoing provisions of this paragraph, if the Grant which has been suspended, terminated or withdrawn is a Grant other than the EPA Grant, and the Grantee files with the Trustee a certificate of the Consulting Engineers reciting the conclusion and demonstrating that the Project can be completed and the Notes paid in full without such other Grant, the Trustee shall continue to make disbursements from the Notes Construction Trust Fund.

Five (5) days prior to any interest payment date on the Notes (excepting the maturity date of the Notes) to the extent that sufficient moneys are not available in the Notes Debt Service Fund to pay the interest on the Notes as the same shall become due, the Trustee shall transfer moneys from the Notes Construction Trust Fund to the Notes Debt Service Fund and apply such transferred moneys to such payment. Transfers from the Notes Construction Trust Fund to the Notes Debt Service Fund in connection with the maturity of the Notes shall be made pursuant to Sections 4.04 and 4.07.

After completion of the Project, as certified by the Consulting Engineers, the Trustee shall transfer any moneys remaining in the Notes Construction Trust Fund to the Notes Debt Service Fund and hold such transferred moneys for the retirement of the Notes. Upon payment in full of the Notes and the, interest thereon, all moneys remaining in the Notes Construction Trust Fund or any other fund or account established hereunder shall be transferred by the Trustee to the Grantee and may be used by the Grantee for any lawful

purpose of the System, and to the extent not needed for such purposes, shall be deposited in the Series 1989 A Bonds Reserve Account and the Reserve Account for the Series 1989 B Bonds equally, to the respective requirements therefor, and thereafter in the Subordinate Bonds Reserve Account.

Section 4.04. Notes Debt Service Fund. The Trustee shall segregate all funds and securities in the Notes Debt Service Fund from other deposits and funds of the Trustee and other deposits and funds of the Issuer and the Grantee, including the Notes Construction Trust Fund. The earnings on the Notes Debt Service Fund shall be transferred upon receipt to the Notes Construction Trust Fund. Except for such earnings, all moneys in the Notes Debt Service Fund, until payment in full of all principal and interest owing on the Notes at their maturity, shall be held in trust for the Holders of the Notes and neither the Issuer nor the Grantee shall have any rights with respect thereto except to receive the balance therein after payment of the Notes and the interest thereon and the charges, if any, of the Trustee, the Registrar and the Paying Agent.

At or prior to any interest payment date on the Notes, as shall be reasonably requested by the Paying Agent, the Trustee shall transfer from the Notes Debt Service Fund to the Paying Agent in immediately available funds the amount of interest on the Notes then owing. In the event the funds on deposit in the Notes Debt Service Fund are insufficient to pay any interest on the Notes coming due, the Trustee shall transfer moneys as needed from the Notes Construction Trust Fund to make up such deficiency; provided, that, the Trustee shall transfer moneys at maturity only in accordance with Section 4.07.

At or prior to the maturity date of the Notes, the Trustee shall transfer from the Notes Debt Service Fund to the Paying Agent in immediately available funds the amount necessary to pay the entire principal amount of the Notes.

Section 4.05. Application of Note Proceeds. From the moneys received from the sale of the Notes originally issued hereunder, the Trustee shall make the following deposits:

A. The sum of $275,000, plus all interest accrued on the Notes from the date thereof to the date of delivery to the Original Notes Purchaser (total of $275,000), which total amount is sufficient to pay interest on the Notes until the maturity thereof but which is not more than is needed to pay interest on the Notes for a year after completion of the Project, shall be deposited in the Notes Debt Service Fund.

B. The remaining moneys derived from the sale of the Notes, being $1,297,000, shall be deposited in the Notes Construction Trust Fund.

Section 4.06. Grant Receipts. All Grant Receipts received by the Grantee prior to the maturity of the Notes shall be promptly paid to the Trustee. The Trustee shall deposit the first $5,757,020 in Grant Receipts received into the Notes Construction Trust Fund. Thereafter, the Trustee shall deposit the Grant Receipts into the Notes Debt Service Fund. Any Grant Receipts remaining or received after payment of the Notes in full shall be applied to Costs of the Project, or, if the Project is then complete, as certified by the Consulting Engineers, such Grant Receipts may be withdrawn by the Grantee and used for any lawful purpose of the System. In the event the Notes are not paid when due, all Grant Receipts thereafter received by the Grantee shall be deposited in the Notes Debt Service Fund.

Section 4.07. Letter of Credit, Surplus Revenues and Other Moneys. In the event that there are not funds in the Notes Debt Service Fund 5 days prior to the maturity date of the Notes originally issued hereunder, sufficient to pay, at maturity, the entire principal of and interest on the Notes, the Trustee shall draw upon the Letter of Credit in an amount, the net proceeds of which will be sufficient to make up such deficiency, to the maximum amount permitted to be drawn under the Letter of Credit. The net proceeds of such draw shall be deposited by the Trustee in the Notes Debt Service Fund. Following such draw and the deposit of such net proceeds into the Notes Debt Service Fund if the amount therein is still insufficient to pay, at maturity, the entire principal of and interest on the Notes, the Grantee shall deposit into the Notes Debt Service Fund Surplus Revenues to the extent necessary. If such amount in the Notes Debt Service Fund is still insufficient following the deposit of all Surplus Revenues therein, the Trustee shall transfer from the Notes Construction Fund to the Notes Debt Service Fund such amount as shall make the amount in the Notes Debt Service Fund sufficient for such purpose. If the funds are still insufficient, the Grantee shall directly deposit any subsequent Surplus Revenues or Grant Receipts received into the Notes Debt Service Fund.

Section 4.08. Grantee Reimbursement of Issuer. The Grantee shall promptly reimburse the Issuer for all costs and expenses incurred by the Issuer in connection with the performance by the Issuer of its obligations hereunder, including, but not limited to any costs and expenses which may be incurred by the Issuer as a result of a draw under the Letter of Credit or the issuance of refunding notes.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE

Section 5.01. Investments. The Trustee shall invest and reinvest any moneys held as a part of the funds and accounts created by this Indenture at the written direction of the Grantee in the Investment Agreement to the fullest extent possible under applicable laws, this Indenture, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided in Article IV (pursuant to which earnings on the Notes Debt Service Fund are transferred to the Notes Construction Trust Fund), 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." To the extent permitted under the Investment Agreement, the Trustee 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 Trustee shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 5.02. Restrictions as to Arbitrage Bonds. The Issuer and Grantee hereby covenant, and hereby so instruct the Trustee, that they shall not permit at any time or times any of the proceeds of the Notes or any other funds of the Issuer or the Grantee to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Note to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, as amended from time to time, and regulations promulgated thereunder (the "Code") and Authorized Officers of the Issuer and Grantee shall deliver a joint certificate, based upon this covenant, with regard thereto to the Original Notes Purchaser.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01. Event of Default. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

(i) If default occurs in the due and punctual payment of the principal of or interest on any Note; or

(ii) If default occurs in the Issuer's or Grantee's observance of any of the covenants, agreements or conditions on the part of either relating to the Notes or in this Indenture or any agreement supplemental hereto or in the Notes contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer and the Grantee by the Trustee; the Trustee may give such notice in its discretion and, subject to the provisions of Section 7.03 hereof, shall give such notice at the written request of the Holders of not less than 10% in aggregate principal amount of the Notes then Outstanding; or

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

The Trustee shall, within 60 days of giving written notice of default as provided by Subsection (ii) of this section or within 60 days of such Event of Default, mail by first class United States mail, postage prepaid, a copy of such written notice of default or notice of such Event of Default to each Noteholder, as indicated by the books maintained by the Registrar.

An "Event of Default" with respect to the Bonds or the BANs (as described in the Grantee Resolution or the indenture for the BANs) shall not constitute an Event of Default with respect to the Notes and vice versa.

Section 6.02. Enforcement by Trustee. Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of the Notes at such time Outstanding shall, upon being satisfactorily indemnified as provided in Section 7.03 hereof, exercise in its own name any or all of the powers of the Noteholders under Section 6.04 and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Noteholders, including the right to require the Issuer or the Grantee to perform their duties under the Act and this Indenture;

(C) Bring suit upon the Notes;

(D) By action at law or bill in equity require the Issuer or the Grantee to account as if they were the trustee of an express trust for the Noteholders; and

(E) By action at law or bill in equity enjoin any acts of the Issuer or Grantee in violation of this Indenture or the rights of the Noteholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Noteholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Noteholders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 6.03. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Noteholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate pending such proceedings, with such powers as the court making such appointment shall confer, subject to the rights of any owners of the Bonds and the BANs.

Section 6.04. Enforcement by Noteholders. Any Holder of an Outstanding Note may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights, including those specified in Section 6.02 hereof, provided that, prior to resorting to any court of law or to any other legal process, either (i) such Holder has given written notice to the Issuer, the Grantee and the Trustee specifying the Event of Default to be complained of and requesting the Trustee to take appropriate action, has offered to indemnify the Trustee for its expenses in taking such action, and the Trustee has failed to act within a reasonable time, or (ii)

such Holder has obtained the written consent of the Trustee to the institution of the action, suit or proceeding proposed, and such action, suit or proceeding is brought for the ratable benefit of all Noteholders.

Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Notes then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 6.05. Possession of Notes by Trustee not Required. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Notes may be enforced by the Trustee without the possession of any of the Notes or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Notes and any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Notes.

Section 6.06. Restoration of Issuer, Grantee and Trustee. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Grantee and the Trustee shall be restored to their former positions and rights hereunder, and all rights and remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 6.07. Waiver of Event of Default. The Trustee shall waive any Event of Default hereunder and its consequences upon the written request of the Holders of a majority in aggregate principal amount of the Notes then Outstanding; provided, however, that there shall not be waived any default in the payment of (i) the principal of any Outstanding Note at the stated maturity or (ii) any interest when due on any Note.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Noteholder, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 6.08. Right to Enforce Payment of Notes Unimpaired. Nothing in this article shall affect or impair the right of any Noteholder to enforce the payment of the principal of or interest on his Note or the obligation of the Issuer to pay the principal of and interest on each Note to its Holder when due.

ARTICLE VII

FIDUCIARIES

Section 7.01. Appointment of Trustee; Acceptance of Trustee. The Trustee accepts and agrees to execute the trusts and duties imposed upon it by this Indenture, but only upon the terms and conditions set forth herein.

Section 7.02. Paying Agent and Registrar. The First Huntington National Bank, Huntington, West Virginia, is hereby initially appointed as Paying Agent and Registrar for the Notes, and said bank shall evidence acceptance of such appointment by entering into an agreement setting forth the rights and obligations of the Registrar and Paying Agent, in form satisfactory to the Issuer and the Grantee, provided that, the Issuer and the Grantee may, from time to time, appoint another bank as Registrar or Paying Agent, subject to the requirements of Section 7.12 hereof.

Section 7.03. Responsibilities of Fiduciaries. The recitals of fact in this Indenture shall be taken as statements of the Issuer and the Grantee, and the Fiduciaries shall not be responsible for their accuracy. The Fiduciaries shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of this Indenture by the Issuer or the Grantee or of any Notes by the Issuer. The Noteholders shall indemnify any Fiduciary for any acts taken which may involve it in expense or liability or the institution or defense of any action or suit in respect of this Indenture or the Notes or an advance of any of its own moneys. Notwithstanding the foregoing, the Registrar shall be responsible for any representations in its certificate of authentication and registration on the Notes.

The Trustee, prior to the occurrence of an Event of Default and after the remedy of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred and has not been remedied, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Any provision of this Indenture relating to action taken or to be taken by any Fiduciary or to evidence upon which such Fiduciary may rely shall be subject to the provisions of this section.

Section 7.04. Evidence on Which Fiduciary may Act. Except as otherwise provided by Section 10.01 hereof, a Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever a Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, but in its discretion such Fiduciary may instead accept other evidence of such fact or matter.

Section 7.05. Compensation and Expenses. The Grantee shall pay to any Fiduciary from time to time reasonable compensation for all services, and also reimburse its reasonable expenses, charges, legal fees and other disbursements and those of its attorneys, agents and employees, incurred in the performance of its duties hereunder. The Issuer and Grantee shall indemnify (but only from the sources pledged for payment of the Notes) and save any Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties and which are not due to its own negligence, default or willful misconduct.

Section 7.06. Certain Permitted Acts. A Fiduciary may become the owner of or may deal in Notes as fully and with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, such Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Noteholders or effect or aid in any reorganization growing out of the enforcement of the Notes or this Indenture, whether or not any such committee shall represent the Holders of a majority in principal amount of the Notes Outstanding.

Section 7.07. Resignation of Trustee. The Trustee may at any time resign and be discharged of its duties and obligations under this Indenture by giving not less than 60 days written notice to the Issuer, the Grantee, the Holders of the Notes, the Registrar and the Original Notes Purchaser, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or Noteholders, in which event such resignation shall take effect immediately.

Section 7.08. Removal. The Trustee may be removed at any time by the Holders of a majority in principal amount of the Notes then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by such

Noteholders or by their attorneys duly authorized in writing and delivered to the Issuer and the Grantee. Copies of each such instrument shall be delivered by the Grantee to the Trustee.

Section 7.09. Appointment of Successor. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer or court shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Notes then Outstanding by an instrument or concurrent instruments in writing signed by such Noteholders or their attorneys duly authorized in writing and delivered to such successor Trustee, notification thereof being given to the Issuer, the Grantee and the predecessor Trustee. Pending such appointment, the Grantee shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by such Noteholders. The Grantee shall, by registered or certified mail, mail notice of any such appointment to the Holders of the Notes at the address shown for each such Holder of the registry books maintained by the Registrar within 20 days after such appointment. Any successor Trustee appointed by the Grantee shall, immediately and without further act, be superseded by a Trustee appointed by such Noteholders. If in a proper case no appointment of a successor Trustee shall be made within 45 days after the Trustee shall have given to the Issuer and the Grantee written notice of resignation or after the occurrence of any other event requiring such appointment, the Trustee or any Noteholder may apply to any court of competent jurisdiction to appoint a successor. Any Trustee appointed under the provisions of this section shall be a bank, trust company or national banking association doing business and having its principal office in the State, having trust powers and authorized to perform the duties imposed upon it by this Indenture and insured by FDIC.

Section 7.10. Transfer of Rights and Property to Successor. Any predecessor Trustee shall deliver all records and pay over, assign and deliver any moneys and Qualified Investments or assets of the Trust Estate held by it to its successor.

Section 7.11. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Trustee or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act; provided, however, that such

company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 7.09.

Section 7.12. Additional and Successor Paying Agents and Registrars. A. The Grantee may at any time, with the approval of the Issuer and the Original Notes Purchaser and pursuant to Section 9.01 hereof, appoint one or more other Paying Agents having the qualifications hereinafter set forth as an additional or successor Paying Agent and appoint another Registrar, having the qualifications hereinafter set forth, as a successor Registrar.

B. Any Paying Agent or the Registrar may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days written notice to the Issuer, the Grantee, the Trustee and the other Paying Agents, if any. Any Paying Agent or the Registrar may be removed at any time by an instrument filed with such Paying Agent or the Registrar, as the case may be, and the Trustee and signed by the Grantee.

Any successor or additional Paying Agent and any successor Registrar must be a bank, trust company or national banking association authorized by law to perform all the duties imposed upon it by the Indenture. Such successor or additional Paying Agent or successor Registrar shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Grantee a written acceptance thereof.

C. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or, if there be no successor, to the Trustee. In the event of the resignation or removal of the Registrar, such Registrar shall deliver the registration books of the Issuer to its successor, or, if there be no successor, to the Trustee. If the position of Paying Agent or Registrar shall become vacant for any reason, the Grantee shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent or the Registrar and acceptable to the Issuer to fill such vacancy; provided, however, that, if the Grantee shall fail to appoint such Paying Agent or Registrar within said period, the Trustee shall, in its discretion, make such appointment or serve as such.

D. Any bank, trust company or national banking association with or into which any Paying Agent or the Registrar may be merged or consolidated, or to which the assets and business of such Paying Agent or Registrar may be sold, shall be deemed the successor of such Paying Agent or Registrar, as the case may be, for the purposes of this Indenture.

E. Notice of the appointment of successor or additional Paying Agents or fiscal agents or of a successor Registrar shall be given in the same manner as provided by Section 7.09 hereof with respect to the appointment of a successor Trustee.

F. All moneys received by the Registrar or Paying Agents shall, until used or applied as provided in this Indenture, be held in trust for the purposes for which they were received.

ARTICLE VIII

DEFEASANCE; DISCHARGE OF INDENTURE

Section 8.01. Defeasance of Notes; Discharge of Indenture. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then, this Indenture and the pledges of the Grant Receipts, the Surplus Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer and the Grantee on behalf of the Holders of the Notes made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Notes 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 Trustee or the Paying Agent at the same or an earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Notes shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Notes 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 Trustee 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 Trustee at the same or earlier time, shall be sufficient, to pay when due the principal of and interest due and to become due on the Notes on and prior to the maturity date thereof. Neither securities nor moneys deposited with the Trustee 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 of and interest on the Notes; provided, that any cash received from such principal or interest payments on such securities deposited with the Trustee, 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 of and interest to become due on the Notes on and prior to such maturity date thereof, and interest earned from such reinvestments shall be paid over to the Grantee as received by the Trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures not Requiring Consent of Noteholders. The Issuer, the Grantee and the Trustee may without the consent of, or notice to, any of the Noteholders enter into an indenture or indentures supplemental to this Indenture, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(A) To specify, determine or authorize any matters and things concerning the Notes or the proceeds thereof which are not contrary to or inconsistent with this Indenture;

(B) To authorize a series of refunding notes or other obligations and to specify, determine or authorize any matters and things concerning any such refunding notes or other obligations or the proceeds thereof which are not contrary to or inconsistent with this Indenture;

(C) To impose additional covenants or agreements to be observed by the Issuer or the Grantee which are not contrary to or inconsistent with this Indenture;

(D) To impose other limitations or restrictions upon the Issuer or the Grantee;

(E) To surrender any right, power or privilege reserved to or conferred upon the Issuer or the Grantee by this Indenture;

(F) To confirm, as further assurance, any pledge of or lien upon the Grant Receipts or any other moneys, securities or funds;

(G) To cure any ambiguity, omission or defect in this Indenture;

(H) To modify or amend any of the terms or provisions of this Indenture if no Notes are Outstanding at the time of such modification or amendment;

(I) To modify or amend any of the terms or provisions of this Indenture, provided that such modification by its terms shall not take effect until all Notes Outstanding on the date of adoption of such modification or amendment shall have ceased to be Outstanding; and

(J) To modify or amend any of the terms or provisions of this Indenture as may be necessary to maintain the excludability from gross income for federal income tax purposes of interest on the Notes.

Section 9.02. Amendment by Consent of Registered Owners. Except for the supplemental indentures allowed under Section 9.01 hereof, this Indenture or any indenture supplemental hereto and the rights and obligations of the Issuer, the Grantee, the Trustee and the Noteholders may be modified or amended only with the written consent of the Holders of 60% in aggregate principal amount of the Notes then Outstanding, which must be filed with the Trustee before any such modification or amendment may become effective. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Note without the express written consent of the Holder of such Note, nor reduce the percentage of Notes required for consent to any such modification or amendment.

ARTICLE X

MISCELLANEOUS

Section 10.01. Evidence of Signatures of Noteholders and Ownership of Notes. Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by Noteholders may be in one or more instrument of similar tenor, and shall be signed or executed by such Noteholders in person or by their attorneys duly authorized in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, or (ii) the ownership by any person of any Notes shall be sufficient for any purpose of this Indenture if made in the following manner, or in any manner satisfactory to the appropriate Fiduciary, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Noteholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, trust company or financial firm or corporation satisfactory to the Fiduciary that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Noteholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of Notes owned by any person executing any such instrument as a Noteholder, the numbers and other identification thereof, and the date of his ownership of such Notes may be proved by a certificate, executed by the Registrar showing that at a date therein mentioned such person was the owner of such Notes as shown on the registry books maintained by the Registrar. Any request, consent or other instrument executed by the Holder of any Note shall bind all future Holders of such Note or any replacement or replacements therefor in respect of anything done or suffered to be done hereunder by the Issuer or the Trustee in accordance therewith.

Section 10.02. Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer, the Grantee or any Noteholder, and their agents and their representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of the Trustee, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Indenture shall be discharged as provided in Section 8.01 hereof.

Section 10.03. Cancellation of Notes. All Notes purchased or paid shall, if surrendered to the Issuer, be cancelled and delivered to the Registrar, or, if surrendered to the Registrar, be cancelled by it. No such Notes shall be deemed Outstanding under this Indenture and no Notes shall be issued in lieu thereof. All such Notes shall be cancelled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer and the Grantee.

Section 10.04. Failure to Present Notes. Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Notes which remain unclaimed for 1 year after the date on which such Notes have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Trustee or said Paying Agent to the Grantee as its absolute property and free from trust, and the Trustee or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Notes shall look only to the Grantee for the payment of such Notes; provided, however, that, before making any such payment to the Grantee, the Trustee or said Paying Agent shall at the expense of the Grantee cause to be mailed by registered or certified mail to the Holders of such Notes, at their respective addresses listed on the registry books maintained by the Registrar, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the data of mailing of such notice, the balance of such moneys then unclaimed will be paid to the Grantee.

Section 10.05. Notices, Directions, Demands and Requests. Unless otherwise expressly provided, all notices, directions, demands and requests to be given or made hereunder to or by the Issuer, the Grantee, the Trustee, the Original Notes Purchaser or the Consulting Engineers shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

A. Issuer:

The County Commission of Wayne County
Wayne County Courthouse
Wayne, West Virginia 25570
Attention: President

B. Grantee:

Northern Wayne County Public Service District
4444 Fifth Street Road
Lavalette, West Virginia 25535
Attention: Herman Wellman

C. Trustee:

The First Huntington National Bank
P. O. Box 179
Huntington, West Virginia 25706
Attention: Trust Department

D. Consulting Engineers:

Regula Engineering, Inc.
1218 Fifth Avenue
Huntington, West Virginia 25701
Attention: Charles T. Regula

E. Original Notes Purchaser:

Scott & Stringfellow, Inc.
810 Main Street
P. O. Box 200
Lynchburg, Virginia 24505
Attention: Patricia A. Cooper

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.06. No Personal Liability. No officer or employee of the Issuer or the Grantee shall be individually or personally liable for the payment of the principal of or the interest on any Note, but nothing herein contained shall relieve any such official or employee from the performance of any official duty provided by law or this Indenture.

Section 10.07. Law Applicable. The laws of the State shall govern the construction of this Indenture and of all Notes issued hereunder.

Section 10.08. Term of Indenture. This Indenture and the obligations of the Issuer and Grantee to the Trustee shall terminate on the date of payment in full of the principal of and interest on the Notes; however, the obligations of the Issuer and the Grantee to each other, and the status of this Indenture as an "intergovernmental agreement" pursuant to the Intergovernmental Relations Act shall expire on July 1, 1989, but may be renewed annually on or before each July 1 by resolution of the Issuer and the Grantee approving such renewal.

Section 10.09. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Grantee, the Trustee, the Registrar, the Paying Agent, the Holders of the Notes and the Original Notes Purchaser any right, remedy or claim under or by reason of this Indenture. All the covenants, stipulations, promises and agreements contained in this Indenture by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Grantee, the Trustee, the Registrar, the Paying Agent, the Holders of the Notes and the Original Notes Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Indenture shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Indenture.

Section 10.11. 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 10.12. Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, THE COUNTY COMMISSION OF WAYNE COUNTY has caused this Indenture to be executed on its behalf by its President and has caused the seal of the Issuer to be hereunto affixed and duly attested by its Clerk; NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT has caused this Indenture to be executed on its behalf by its Chairman and has caused the seal of the Grantee to be hereunto affixed and duly attested by its Secretary; and THE FIRST HUNTINGTON NATIONAL BANK, as Trustee, to evidence its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name by its duly authorized officer and its corporate seal to be hereunto affixed and duly attested, all as of the date and year first above written.

THE COUNTY COMMISSION OF WAYNE COUNTY

[SEAL]

By: Pearl E. Booth
President

ATTEST:

By: Robert E. Pasley
Clerk

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

[SEAL]

By: Herman E. Wellman
Chairman

ATTEST:

By: Steven L. Thyson
Secretary

THE FIRST HUNTINGTON NATIONAL BANK

[SEAL]

By: [illegible]
Its: Senior Trust Officer

ATTEST:

By: [illegible] Sandra Dezzoner Wright
Its: Trust Administrative Officer Assistant Trust Officer

APPROVED BY:

Beth Hunter
Attorney General of the State of West Virginia

STATE OF WEST VIRGINIA,

COUNTY OF WAYNE, to-wit:

I, Samme L. Gee, a Notary Public in and for the County and State aforesaid, do hereby certify that Pearl E. Booth, who signed the foregoing writing bearing date the 15th day of February, 1989, as President of The County Commission of Wayne County, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and seal this 30th day of January, 1989.

My commission expires February 14, 1994.

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SAMME L. GEE
1609 Quarrier Street
Charleston, West Virginia 25311
My Commission Expires Feb. 14, 1994

STATE OF WEST VIRGINIA,

COUNTY OF WAYNE, to-wit:

I, Samme L. Gee, a Notary Public in and for the County and State aforesaid, do hereby certify that Herman E. Wellman, who signed the foregoing writing bearing date the 15th day of February, 1989, as Chairman of The Northern Wayne County Public Service District, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and seal this 30th day of January, 1989.

My commission expires February 14, 1994.

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SAMME L. GEE
1609 Quarrier Street
Charleston, West Virginia 25311
My Commission Expires Feb. 14, 1994

STATE OF WEST VIRGINIA,

COUNTY OF CABELL, to-wit:

I, _____, a Notary Public in and for the County and State aforesaid, do hereby certify that _____, who signed the foregoing writing bearing date the __ day of _____, 1989, as _____ of The First Huntington National Bank, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and seal this __ day of _____, 1989.

My commission expires _____.

_____
Notary Public

The foregoing instrument was prepared by Lee O. Hill, Esq. of Jackson & Kelly, P. O. Box 553, Charleston, West Virginia 25322.

EXHIBIT A

[FRONT OF NOTE]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE COUNTY COMMISSION OF WAYNE COUNTY (West Virginia)
SEWERAGE SYSTEM GRANT ANTICIPATION NOTE, SERIES 1989
(NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT PROJECT)

NO. R-_____ $_____

CUSIP NO:	INTEREST RATE:	MATURITY DATE:	NOTE DATE:
_____	_____	August 15, 1991	February 15, 1989

PRINCIPAL AMOUNT: _____
REGISTERED OWNER: _____

KNOW ALL MEN BY THESE PRESENTS: That THE COUNTY COMMISSION OF WAYNE COUNTY, West Virginia, a public corporation organized and existing under the laws of the State of West Virginia, acting for and on behalf of Wayne County, West Virginia, a political subdivision of said State (the "Issuer"), for value received, hereby promises to pay (but only from the sources pledged therefor as hereinafter mentioned) to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, as hereinafter provided, the Principal Amount identified above, and to pay interest at the annual Interest Rate identified above semiannually on February 15 and August 15 of each year, from the interest payment date next preceding the date of registration of this Note (unless this Note is registered as of an interest payment date, in which event it shall bear interest from the date of registration hereof, or unless this Note is registered prior to August 15, 1989, in which event it shall bear interest from the Note Date specified above) until payment of such principal sum is made in full. The principal hereof is payable in any coin or currency which, on the date of payment of principal, is legal tender for the payment of public and private debts in the United States of America upon surrender of this Note at the office of First Huntington National Bank, Huntington, West Virginia, as registrar and paying agent (the "Registrar"). Interest hereon is payable to the Registered Owner hereof as shown on the registry books maintained by the Registrar as of the 1st day of the month of such interest payment (the "Record Date"), by check or draft mailed to the address shown on such registry books or, in the case of a Registered Owner of

$500,000 of more of the Notes, by wire transfer to a domestic bank account specified in writing to the Registrar at least 5 days prior to such interest payment date by such Registered Owner.

REFERENCE IS MADE TO REVERSE OF THIS NOTE, WHICH SHALL BE INCLUDED AS IF SET FORTH ON THE FACE HEREOF.

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 Note exist, have happened and have been performed in due time, form and manner as required by the laws and Constitution of the State of West Virginia applicable thereto, and that the issuance of this Note and the Notes of the issue of which this Note is one is not in violation of any constitutional, statutory or charter limitation of indebtedness.

All provisions of the Indenture, the Issuer Resolution and the Grantee Resolution and statutes under which this Note is issued shall be deemed to be a part of the contract evidenced by this Note to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE COUNTY COMMISSION OF WAYNE COUNTY has caused this Note to be signed by the facsimile signature of its President and its corporate seal to be imprinted hereon and attested by the facsimile signature of its Clerk in the manner provided in the Indenture, and has caused this Note to be dated as of the Note Date specified above.

THE COUNTY COMMISSION OF WAYNE COUNTY

[SEAL]

_____

President

ATTEST:

_____

Clerk

[REVERSE OF GAN]

This Note is one of an issue of Sewerage System Grant Anticipation Notes, Series 1989 (Northern Wayne County Public Service District Project) (the "Notes") in the aggregate principal amount of $1,600,000, of like tenor and effect, except as to number and denomination, issued (i) to temporarily finance a portion of the costs of the construction and acquisition of certain new sewerage facilities and all necessary appurtenances (the "Project") for Northern Wayne County Public Service District, a public service district in Wayne County, West Virginia (the "Grantee") (the Project, together with any further improvements, betterments and extensions thereto, is hereinafter referred to as the "System") pending receipt by the Grantee of certain grant proceeds from the United States Environmental Protection Agency (as received after the date of issuance of the Notes, together with any other grant receipts which may be received in aid of the Project, the "Grant Receipts"); (ii) to pay interest on the Notes until the maturity thereof, which is less than one year after the estimated date of completion of the Project; and (iii) to pay certain costs of issuance thereof and related costs, and is issued in anticipation of such Grant Receipts. This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 13, Article 2C of the Code of West Virginia, 1931, as amended (the "Bond Act"), and Chapter 8, Article 23 of the Code of West Virginia, 1931, as amended (the "Intergovernmental Relations Act"), and a Bond Resolution duly adopted by the Issuer on January 30, 1989 (the "Issuer Resolution"), and is issued and secured pursuant to the terms of a Trust Indenture (the "Indenture") dated as of February 15, 1989, by and among the Issuer, the Grantee and The First Huntington National Bank, Huntington, West Virginia, as trustee (the "Trustee"), and is subject to all the terms and conditions of said Indenture. The Notes are not subject to redemption prior to maturity. The Indenture also constitutes an Intergovernmental Agreement and a Loan Agreement between the Issuer and the Grantee. The Grantee's obligations with respect to the Notes are made pursuant to Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended and a Bond and Note Resolution adopted by the Grantee on January 30, 1989, as supplemented by Supplemental Resolutions adopted by the Grantee on January 30, 1989 (together, the "Grantee Resolution"), in addition to the Indenture and are further evidenced by a promissory note issued by the Grantee to the Issuer.

This Note is a special obligation of the Issuer, secured by the Indenture and payable solely from (i) the Grant Receipts, unexpended Notes proceeds and other moneys held in the Notes Debt Service Fund established by the Indenture; (ii)

the net proceeds of a draw by the Trustee under that certain letter of credit obtained for the benefit of the Trustee in the amount of $770,000, more fully described in the Indenture (the "Letter of Credit"); (iii) the net proceeds of any refunding notes or other obligations issued for the purpose of paying the principal of or interest on the Notes; (iv) the Surplus Revenues, if any, as such term is defined in the Indenture; (v) the Grant Receipts and other moneys, including investment income and unexpended Note proceeds, held in the Notes Construction Trust Fund established by the Indenture; and (vi) all moneys and securities and all other rights of every kind and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security for the Notes under the Indenture to the Trustee by the Issuer, the Grantee or by anyone in their behalf, or with their written consent.

If, 5 days prior to the maturity hereof, the funds deposited for payment are insufficient to pay the entire principal of and interest on the Notes at maturity, the Trustee is required to draw upon the Letter of Credit in an amount not to exceed $770,000, equal to the sum of such deficiency plus the cost to the Issuer of issuing its refunding notes to evidence the Issuer's obligation to repay such draw.

The interest on this Note is payable from certain proceeds of the sale hereof, to be held for such purpose by the Trustee. All moneys received from the sale of the Notes shall be applied solely to the payment of certain costs of the Project, as defined in the Indenture, including payment of any indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of such Notes, to the appurtenant Notes Debt Service Fund interest account and to the payment of certain costs of issuance and related costs, and the Indenture creates a lien upon such moneys, until so applied, in favor of the Registered Owners of the Notes.

This Note does not constitute a corporate indebtedness of the Issuer or the Grantee within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer or the Grantee be obligated to pay the same or the interest hereon except from the sources specified above. The general funds of the Issuer or the Grantee are not liable, and neither shall this Note nor the interest hereon be a charge against the general credit or taxing powers (if any) of the Issuer or the Grantee.

Under the Indenture, the Issuer and Grantee have entered into certain covenants on behalf of the Registered Owners of the Notes, for the terms of which reference is made to said Indenture. The Issuer and Grantee have covenanted not

to issue any obligations (except for obligations issued solely for the purpose of completing the Project which may have a lien on the Net Revenues, as such term is defined in the Indenture) with a lien on or otherwise payable from any source of payment pledged for the Notes prior to or on a parity with the lien on behalf of the Notes so long as any of the Notes are outstanding. Remedies provided the Trustee on behalf of the Registered Owner of this Note, and to said Registered Owner, are exclusively as provided in the Indenture, to which reference is here made for a detailed description thereof.

The Notes of the issue of which this Note is one are issuable only as fully registered Notes in denominations of $5,000 and any integral multiple thereof. Registration of this Note may be transferred, or this Note may be exchanged, at the office of the Registrar by the Registered Owner hereof in person or by his attorney duly authorized in writing, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Note. Upon such transfer or exchange a new Note or Notes, of authorized denomination or denominations, for the like aggregate principal amount, shall be issued, to the transferee in the case of transfer, in exchange herefor.

This Note, under the provisions of the Bond Act, is and has 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 Note shall not be entitled to any benefit under the Issuer Resolution, the Grantee Resolution or the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been manually signed by the Registrar.

This Note has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

REGISTRAR'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the fully registered Notes described in the within-mentioned Issuer Resolution and Indenture.

Date of Authentication: _____

The First Huntington National Bank,
Registrar

By _____
Authorized Officer

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Note and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Note on the books kept for registration of the within Note with full power of substitution in the premises.

Dated: _____

_____

Signature Guaranteed: _____

Notice: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or any change whatever.

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
NOTE
$1,600,000
February 15, 1989

For value received, the undersigned Northern Wayne County Public Service District, a political subdivision of the State of West Virginia (the "Borrower"), does hereby promise to pay to the order of The County Commission of Wayne County, a public corporation acting for and on behalf of Wayne County, West Virginia (the "County"), the principal sum of $1,600,000 on August 15, 1991, together with interest on the unpaid principal balance outstanding on this Note at an annual rate of 6.875 percent, payable on February and August 15 of each year, beginning August 15, 1989. Such principal and interest shall be payable by direct deposit to The First Huntington National Bank, as trustee (the "Trustee") under the Intergovernmental Agreement, Loan Agreement and Trust Indenture dated as of February 15, 1989, among the Borrower, the County and the Trustee (the "Agreement"), all as set out in the Agreement. All payments on account of the indebtedness evidenced hereby shall be applied first to interest and then to the reduction of principal.

This Note evidences the obligations of the Borrower pursuant to the terms of the Agreement, and payment of this Note is secured pursuant to the Agreement. The Agreement and the other instruments, documents and agreements securing, evidencing or otherwise pertaining to the loan evidenced by this Note are herein collectively referred to as the "Collateral Documents."

In the event default shall be made in the payment of any installment of the principal of or interest on this Note as and when due, or any part thereof, or if there shall be a breach of or a default in the performance of any of the terms, conditions, warranties, covenants and agreements of any of the Collateral Documents, then, upon the expiration of any applicable grace period, the County may exercise the rights and remedies provided for in the Collateral Documents and under applicable law.

Every party to this Note, whether as principal, endorser, guarantor, surety or otherwise, jointly and severally waives presentment, demand, protest and notice of dishonor

[SEAL] NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

By _____
Its Chairman

ATTEST: By _____
Its Secretary

E X H I B I T B

See Index No. 3 -- Trust Indenture

WDA-5
(March 1988)

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").

Northern Wayne County Public Service District
(Name of Governmental Agency)

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

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

Exhibit C

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 certain general revenue bond resolution adopted by the Board of the Authority (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 or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

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

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

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

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

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(h) 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

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

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

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

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

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. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

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 gross or net 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 a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account 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 the then current or any succeeding 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, except as otherwise required by State law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%)

of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; 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 Local 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 or construction of the Project, or both, as provided by law;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

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

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

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

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the Authority's water development revenue bonds.

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 Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. 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 covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, 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 exclusion from gross income for Federal income tax purposes of interest on the Local Bonds.

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

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency 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 by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

7.6 This Loan Agreement 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.

Northern Wayne County Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By Herman E. Hallman
Its Chairman

Attest:

Steven L. Thomas
Its Secretary

Date: November 1, 1988

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By _____
Director

Attest:

_____
Secretary-Treasurer

Date: Feb 14, 1989

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19___, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of $_____, 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, beginning _____ 1, 19___, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

Year	Installment	Interest Rate

The Local Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the

bond _____ duly enacted by the Governmental Agency on _____ (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 as follows:

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

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

3. The Governmental Agency is a duly organized and presently existing _____ _____, with full power and authority to construct and acquire the Project and 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.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, 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, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

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

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

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

Very truly yours,

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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than 10 years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(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.

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 not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than 10 years) of 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.

WDA-Supp. 5
(March 1988)

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").

Northern Wayne County Public Service District
(Name of Governmental Agency)

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

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

Exhibit D

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"); and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of 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 certain general revenue bond resolution adopted by the Board of the Authority, 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, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the 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, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

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

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

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

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such

rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(h) 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

(i) 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 gross or net 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 a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or 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 the then current or any succeeding year (the "Reserve Requirement") or on the Supplemental Bonds in the then current or any succeeding 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, except as otherwise required by State law, 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 a lien on 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 Supplemental 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 or construction of the Project, or both, 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 report 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 owners 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.

4.7 If the schedule furnished to the Authority pursuant to Section 6.5 reflects an excess of funding for the Project, or if the Authority is otherwised advised of an excess of funding for the Project, the Authority may tender to the Governmental Agency its Supplemental Bonds for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Governmental Agency has grant anticipation notes or some other interim financing outstanding upon completion of construction of the Project, it shall advise the Authority of such fact and submit a second schedule to the Authority upon payment of the interim financing, and the Authority shall not tender its Supplemental Bonds for payment until the outstanding interim financing has been paid.

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.

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the 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 by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this 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.

Northern Wayne County Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By _____
Its Chairman

Attest:

Date: November 1, 1988

_____
Its Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By _____
Director

Attest:

Date: Feb 14, 1989

_____
Secretary-Treasurer

EXHIBIT A

LOAN AGREEMENT

Date:

Principal Amount of Local Bonds:

. EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated _____, 19__, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated _____, 19__ (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of $_____, 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, as follows:

Year	Installment

The Supplemental Loan Agreement is supplemental to a loan agreement dated _____, _____, also between the Governmental Agency 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 (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____(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 as follows:

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

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

3. The Governmental Agency is a duly organized and presently existing _____, 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.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Supplemental Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, 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, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bonds [and _____].

6. The Supplemental Bonds are, by statute, exempt _____.

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

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

Very truly yours,

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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than 10 years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) 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

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. 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 from the date of issuance of the Authority's water development revenue bonds;

(c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

(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.

WDA-5
(March 1988)

BAN

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").

Northern Wayne County PSD
(Name of Governmental Agency)

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

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

PENGAD-Bayonne, N. J.
Exhibit E

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 certain general revenue bond resolution adopted by the Board of the Authority (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 or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

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

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

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

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

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(h) 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

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

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

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

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

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. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

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 gross or net 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 a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account 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 the then current or any succeeding 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, except as otherwise required by State law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%)

of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; 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 Local 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 or construction of the Project, or both, as provided by law;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

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

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

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

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the Authority's water development revenue bonds.

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 Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. 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 covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, 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 exclusion from gross income for Federal income tax purposes of interest on the Local Bonds.

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

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency 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 by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

7.6 This Loan Agreement 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.

Northern Wayne Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By Herman E. Wellman
Its Chairman

Attest:

Date: 2/14/89

Steven L. Thompson
Its Secretary - Treasurer

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By Daniel B. Yankoskey
Director

Attest:
Daniel B. Yankoskey
Secretary-Treasurer

Date: Feb 14, 1989

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19___, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of $_____, 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, beginning _____ 1, 19___, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

Year	Installment	Interest Rate

The Local Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the

bond _____ duly enacted by the Governmental Agency on _____ (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 as follows:

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

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

3. The Governmental Agency is a duly organized and presently existing _____ _____, with full power and authority to construct and acquire the Project and 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.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, 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, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

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

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

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

Very truly yours,

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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than 10 years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(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. 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 from the date of issuance of the Authority's water development revenue bonds;

(c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

(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.

EXHIBIT F

PROJECT

Acquisition and construction of a sewage collection and transportation system, located primarily in the Lavalette and Buffalo Creek areas of the Issuer, consisting of approximately 930 grinder pumps, 22 septic tanks, 43.7 miles of force main, 1.91 miles of gravity main, 11.41 miles of 1.25-inch force main service pipe, .07 miles of 4-inch gravity service pipe, 4 main line pump stations, 31 manholes, valves and all appurtenances and an administrative and maintenance building.

EXHIBIT G

SCHEDULE OF RATES AND CHARGES

APPLICABILITY

Applicable in territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, and industrial sewer service.

RATE

$6.09 per 1,000 gallons of metered water usage.

UNMETERED RATE

$27.41 per month based on 4,500 gallons usage.

MINIMUM CHARGE

No bill will be rendered for less than $18.27 based on 3,000 gallons usage.

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 due bill. This amount is not interest and is only to be collected once where appropriate.

MULTIPLE OCCUPANCY

On apartment buildings, trailer courts or other multiple occupancy buildings, the monthly charge shall not be less than the number of units multiplied by the minimum charge shown above.

TAP FEE

$150 prior to completion of construction adjacent to customer's property.

$250 after completion of construction adjacent to customer's property

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B

BOND RESOLUTION

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B

BOND RESOLUTION

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NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWER FACILITIES OF NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF $1,950,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B AND THE SALE THEREOF TO THE UNITED STATES DEPARTMENT OF AGRICULTURE, FARMERS HOME ADMINISTRATION; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any other person duly appointed as such by the Governing Body.

"Authority BANs" means the Sewerage System Bond Anticipation Notes, West Virginia Water Development Authority Series issued to the Authority pending the issuance of the Series 1989 A Bonds and the Subordinate Bonds, hereinafter defined.

"Additional Bonds" means additional bonds issued under the provisions and within the limitations prescribed by Section 6.06.

"Board" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

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

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

"Bonds" means the $1,950,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series 1989 B and any Additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"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 of the Closing Date in the following year except that the first Bond Year shall begin on the Closing Date.

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

"Closing Date" means the date upon which there is an exchange of the Bonds for all or a significant portion of the proceeds representing the purchase of the Bonds by FmHA.

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

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

"Consulting Engineers" means Regula Engineering, Inc., Huntington, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems or facilities that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Construction Trust Fund" means the Construction Trust Fund established by Section 5.02.

"Costs" or "Costs of the Project" means those costs described in Section 1.03E 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 a bank or national banking association located in the State, eligible under the laws of the State to receive deposits of state and municipal funds and insured by the FDIC, which Depository Bank shall be named in the Supplemental Resolution.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the agreement dated June 29, 1984, as amended on April 4, 1987, and as hereafter supplemented and amended.

"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 Bonds, 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 thereof.

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

"FmHA" or "Government" means the United States Department of Agriculture, Farmers Home Administration, which is expected to be the original purchaser of the Bonds.

"Governing Body" or "Board" means the public service board of the Issuer, as is now or 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.

"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 obligations 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 Account 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, 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 purchased pursuant to Section 8.01) or any Tap Fees.

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

"Investment Property" means any security [as said term is defined in Section 165(g)(2)(A) or (B) of the Code], obligation, annuity contract 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 the Northern Wayne County Public Service District, a public corporation and political subdivision of the State.

"Letter of Conditions" means the letter of conditions of FmHA dated July 25, 1985, as supplemented by a letter dated October 4, 1988 and any further supplements thereto.

"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 Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in

trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Section 9.06 hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"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, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project" means the acquisition and construction of the sewer facilities as substantially described in Exhibit A attached hereto and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means the final order of the PSC in Case No. 87-568-S-CN, which was entered by the Administrative Law Judge on November 23, 1988, and became a final order on December 7, 1988, and as supplemented by the final order of the PSC entered on January 13, 1989.

"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 any said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

(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 any said repurchase agreement either must mature as nearly as practicable coincident with the maturity of said

repurchase agreement or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreement, 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 Code of West Virginia Code, 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.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 4.01(A)(3).

"Reserve Account" means the Reserve Account established by Section 4.01(A)(4).

"Reserve Requirement" means an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in any succeeding Fiscal Year.

"Resolution" means this resolution, as from time to time amended or supplemented.

"Revenue Fund" means the Revenue Fund established by Section 4.01(A).

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

"Series 1989 A Bonds" means the not more than $2,700,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series 1989 A, contemplated to be issued by the Issuer to the Water Development Authority on a parity with the Bonds.

"Sinking Fund" means the Sinking Fund established by Section 4.01(A)(2).

"State" means the State of West Virginia.

"Subordinate Bonds" means the not more than $800,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1989, contemplated to be issued by the Issuer to the Water Development Authority, to be junior and subordinate to the Bonds and to the Series 1989 A Bonds.

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

"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 paid by prospective customers of the System in order to connect thereto.

"Water Development Authority" means the West Virginia Water Development Authority or any successor to the functions thereof.

"Water Development Authority Bonds" means, collectively the Series 1989 A Bonds and the Subordinate Bonds.

"Water Development Authority Resolution" means the resolution adopted concurrently herewith authorizing the Water Development Authority Bonds.

"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.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public corporation and political subdivision of the State in Wayne County, West Virginia.

B. The Issuer does not presently own or operate a public sewage treatment, collection or transportation system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewer facilities of the Issuer, consisting of the Project at an estimated cost of $12,530,320, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Secretary of the Issuer.

C. The Issuer intends to enter into an agreement with the City of Huntington, West Virginia (the "City"), and the Sanitary Board thereof, for the treatment, purification and disposal of its liquid and solid wastes, sewage and industrial wastes and other services in connection therewith, which agreement will be approved by ordinance enacted by the Council of the City and by a resolution adopted by the Board and is to be approved by an order of the PSC prior to the issuance of the Bonds authorized hereby.

D. 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 the System, the principal of and interest on the Bonds, the Series 1989 A Bonds and the Subordinate Bonds and all sinking fund, reserve account and other payments provided for herein, in the Water Development Authority Resolution and in the PSC Order.

E. It is deemed necessary for the Issuer to issue its revenue bonds in the total aggregate principal amount of $1,950,000 to permanently finance a portion of the cost of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; amounts which may be deposited in the Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues and expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; initial fees for the services of registrars, paying agents or depositories 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 the 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.

F. Concurrently herewith, the Issuer is adopting the Water Development Authority Resolution and will concurrently with either the issuance of the Bonds or receipt from FmHA of an irrevocable commitment to accept delivery of and pay for the Bonds on a certain date or dates issue the Series 1989 A Bonds and the Subordinate Bonds to the Water Development Authority.

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

H. It is in the best interests of the Issuer that its Bonds be sold to FmHA pursuant to the terms and provisions of the Letter of Conditions.

I. Except for the Authority BANs, there are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. When issued, the Series 1989 A Bonds shall be on a parity with the Bonds. When issued, the Subordinate Bonds shall be junior and subordinate to the Series 1989 A Bonds and to the Bonds.

J. 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 the PSC Order, the time for rehearing and appeal of which have expired.

Section 1.04. Resolution 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 Resolution 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 and any other Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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 in accordance with the plans and specifications which have been prepared by the Consulting Engineers and heretofore filed in the office of the Governing Body.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions hereof, the Bonds of the Issuer, to be known as "Sewerage System Revenue Bonds, Series 1989 B," are hereby authorized to be issued in the aggregate principal amount of $1,950,000 for the purpose of permanently financing a portion of Costs of the Project.

Section 3.02. Description of Bonds. The Bonds shall be initially issued as a single Bond, No. BR-1, fully registered, and shall be dated the date of delivery thereof. The Bonds shall bear interest from date of delivery, payable monthly at the rate, not exceeding 8.625% per annum, as shall be determined by the Supplemental Resolution and shall be sold for the par value thereof.

The Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Resolution, as shall be set forth in the Supplemental Resolution and such Bond form.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the manual or facsimile signature of the Chairman, and the seal of the Issuer shall be impressed thereon and attested by the manual or facsimile signature of 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 Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond

has been authenticated, registered and delivered under this Resolution. 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, 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, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as 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 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 or transferring the Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. 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 and amounts, if any, in the Reserve Account. 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. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured forthwith equally and ratably with each other, and with the Series 1989 A Bonds, by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments as hereinafter provided 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 form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS
SERIES 1989 B

No. BR-_____

$_____
(Principal Amount)

_____
(Date)

FOR VALUE RECEIVED, Northern Wayne County Public Service District, Wayne County, West Virginia (herein called the "Borrower"), promises to pay to the order of the United States Department of Agriculture, Farmers Home Administration (herein called the "Government"), P. O. Box 678, Morgantown, West Virginia 26505, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of One Million Nine Hundred Fifty Thousand Dollars ($1,950,000) or such lesser amount as shall then be reflected on the Record of Advances and Payments attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of _____% per annum. Notwithstanding any provision of this Bond to the contrary, this Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached hereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances and Payments and shall cease to accrue on the amount outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing the first day of the month following the month of delivery of this Bond and on the first day of each month thereafter for the first 24 months after the date hereof, and installments of $_____, covering principal and interest, thereafter on the first day of each month, except the final installment shall be paid at the end of forty years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

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.

Payments of scheduled installments, or any portion thereof, may be made at any time at the option of the Borrower. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect 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 has granted to the Government a lien on the proceeds of this Bond until such proceeds as expended for authorized purposes.

This Bond is on a parity as to lien on and source of payment and security from the Net Revenues (as defined in the Resolution) with $_____ in aggregate principal amount of Sewerage System Revenue Bonds, Series 1989 A (the "Series 1989 A Bonds") issued [prior hereto] concurrently herewith to the West Virginia Water Development Authority.

This Bond is issued to permanently finance a portion of the costs of acquisition and construction of new sewer facilities of the Borrower (the "Project"); to pay interest on the Bonds during acquisition and construction and for up to six months after completion of the Project; and to pay certain issuance and related costs in connection therewith. This Bond is authorized and issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13A of Chapter 16 of the Code of West Virginia, 1931, as amended (the "Act"), and a resolution duly adopted by the Board of the Borrower on the _____ day of January, 1989, and supplemented thereby on the _____ day of _____, 19__ (collectively, the "Resolution"), and is subject to all the terms and conditions of said Resolution. The Resolution 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 Resolution.

This Bond is payable only from and secured by the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, moneys in the Reserve Account created under the Resolution (the "Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds and other obligations 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 an indebtedness of the Borrower within the meaning of any constitutional or statutory provisions or limitations, nor shall said Borrower be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the Borrower has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of such System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of said System, including certain reserves required by the Public Service Commission of West Virginia, and to leave a balance each year equal to at least 110% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on the Bonds and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds, including the Series 1989 A Bonds. The Borrower has entered into certain further covenants with the owner of this Bond for the terms of which reference is made to said Resolution. Remedies provided the owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Resolution, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the owner or its duly authorized attorney or legal representative duly authorized in writing.

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

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 such purposes and periods of time.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts connected with the issuance hereof, as provided by law and the Resolution, shall be applied solely to the costs of acquisition and construction of the Project, 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 said Borrower, 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 of the Borrower has been pledged to and will be set aside into said special fund by the Borrower for the prompt payment of the principal of and interest on this Bond.

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its seal to be hereunto impressed and attested by its Secretary, all as of date first written above.

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

_____
(Signature of Execution Official)

Chairman
(Title of Execution Official)

(Post Office Box No. or Street Address)

(City, State and Zip Code)

[CORPORATE SEAL]

ATTEST:

(Signature of Attesting Official)

Secretary
(Title of Attesting Official)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Sewerage System Revenue Bonds, Series 1989 B, described in the within-mentioned Resolution and has been duly registered in the name of the United States Department of Agriculture, Farmers Home Administration as of the date set forth below.

Date: _____

_____,
as Registrar

By _____
Its Authorized Officer

RECORD OF ADVANCES AND PAYMENTS

Advances

Date	Amount	Initialed By
(1)	$	
(2)	$	
(3)	$	
(4)	$	
(5)	$	
(6)	$	
(7)	$	
(8)	$	
(9)	$	
(10)	$	
TOTAL:	$	

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By: _____

_____
(Title)

Payments

Date	Amount	Initialed By
(1)	$	
(2)	$	
(3)	$	
(4)	$	
(5)	$	
(6)	$	
(7)	$	
(8)	$	
(9)	$	
(10)	$	
TOTAL:	$	

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By: _____

_____
(Title)

[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 said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Bonds. The Bonds shall be sold to FmHA pursuant to the terms and conditions of the Letter of Conditions. The provisions of the Letter of Conditions are specifically incorporated in this Resolution.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. System Revenues and Application Thereof. So long as the Bonds shall be Outstanding and unpaid, the Issuer covenants with the Bondholders as follows:

(A) The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund created hereby and by the Water Development Authority Resolution. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. Funds in the Revenue Fund shall be disposed of only in the following manner and order of priorities.

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

(2) Next from the moneys in the Revenue Fund, the Issuer shall on the first day of each month and without distinction or priority between the two payments, (i) commencing on the first day of the month following the month of delivery of the Bonds or the first day of the month following the last month for which interest was capitalized, as provided by the Supplemental Resolution, apportion and set apart out of the Revenue Fund and remit to the office and place designated by the Bonds (herein called the "Sinking Fund") the monthly payment of interest set forth in the Supplemental Resolution or such lesser amount as is required to pay the interest on the Bonds as evidenced by the Record of Advances and Payments attached to the Bonds as set forth in the Bond form in Section 3.09; and (ii) make the payment into the sinking fund on account of interest on the Series 1989 A Bonds required by the Water Development Authority Resolution.

(3) Next from the moneys in the Revenue Fund, the Issuer shall on the first day of each month and without distinction or priority between the two payments, (i) commencing on the first day of the month provided by the Supplemental Resolution, apportion and set apart from the Revenue Fund and remit to the Sinking Fund the monthly payment of principal set forth in the Supplemental Resolution or such lesser amount as is evidenced by the Record of Advances and Payments attached to the Bonds as set forth in the Bond form in Section 3.09, such amount or amounts being the amount required to amortize the principal of the Bonds over the life of the Bonds; and (ii) make the payment into the sinking fund on account of principal of the Series 1989 A Bonds required by the Water Development Authority Resolution.

The deposits to the Sinking Fund provided in this paragraph and in (2), above, constitute actual payments of principal and interest on the Bonds issued to the Government. The amounts required for principal and interest payments on the Bonds issued hereunder other than to the Government shall be deposited in a sinking fund created by a Supplemental Resolution.

(4) The Issuer shall next transfer from the Revenue Fund and, without distinction or priority between the two payments, (i) deposit in a Reserve Account at the Commission, or in the case of Bonds other than the Bonds originally authorized hereby in the reserve account in the sinking fund or otherwise as designated by a Supplemental Resolution, on the first day of each month of each year beginning with and including the month in which payments from the Revenue Fund for interest on the Bonds are commenced, an amount equal to one tenth ($\frac{1}{10}$) of the amount deposited into the Sinking Fund, as set forth above; and (ii) make the payment into the reserve account for the Series 1989 A Bonds required by the Water Development Authority Resolution.

No further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement. Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest on the Bonds when moneys in the Revenue Fund or, in the case of bonds other than the Bonds originally authorized hereby, the funds in the Sinking Fund created by Supplemental Resolution are insufficient therefor and for no other purposes.

Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payment to the Sinking Fund, the sinking fund for the Series 1989 A Bonds, the Reserve Account and the reserve account for the Series 1989 A Bonds, including any deficiencies for prior payments, have been made in full.

As and when Additional Bonds ranking on a parity with the Bonds are issued, provision shall be made by Supplemental Resolution for additional payments sufficient to pay the interest on such Additional Bonds and to accomplish retirement thereof at or before maturity and to accumulate a balance in the Reserve Account in an amount equal to the maximum provided and required to be paid in principal and interest in any succeeding year for account of all the Bonds.

(5) Thereafter, from the moneys remaining in said Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the Project, remit to the Depository Bank for deposit in a special fund to be designated the "Renewal and Replacement Fund," which fund is established and created hereby and by Section 5.01 of the Water Development Authority Resolution, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the reserve account for the Series 1989 A Bonds, but not less than $4,208.33 ($50,500 each year). All funds in said Renewal and Replacement Fund shall be kept apart from all other funds, and all or any part of said fund may be invested as provided by Article VIII. Withdrawals and disbursements may be made from said Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Account or the reserve account for the Series 1989 A Bonds [except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required by Section 4.01(A)(4) on the Water Development Authority Resolution] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) If all of the above required payments are then current, the Issuer may use any moneys remaining in the Revenue Fund for the following purposes: (a) improvements or extensions to the System which the Consulting Engineers certify are needed and/or (b) payments of principal of and interest on subordinate sewerage system revenue bonds, including the Subordinate Bonds, or other obligations which may hereafter be issued by the Issuer on account of the System.

(B) All of the funds and accounts provided for above shall constitute trust funds and shall be used only for the purposes provided herein.

(C) The moneys in excess of the sum insured by the maximum amounts insured by the FDIC in the Revenue Fund and in the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

(D) 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 payments dates; provided, that all

deposits, including on account of deficiencies, shall be made in the order of priority set forth in Paragraph (A), above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority. No such deficiency shall exist solely because the required payments into the Reserve Account or the reserve account for the Series 1989 A Bonds have not, as of such date, funded such account to the requirement therefor.

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

(F) The Gross Revenues of the System shall only be used for purposes of the System.

Section 4.02. Tap Fees. Following completion of the Project, Tap Fees shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE V

APPLICATION OF BOND PROCEEDS

Section 5.01. Application of Bond Proceeds. All the moneys received from time to time from the sale of Bonds shall be deposited in the Construction Trust Fund, hereinafter created.

Section 5.02. Construction Trust Fund. There is hereby created with the Depository Bank a special fund to be known as the "Construction Trust Fund," which fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the Costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, for the payment of interest on the Bonds during construction and for a period up to six months thereafter and for no other purposes whatsoever. The moneys in said fund shall be secured at all times by the deposit by the Depository Bank, as security, of Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any moneys not needed immediately for said purposes may, with the consent of the Consulting Engineers, be invested pursuant to Article VIII. If for any reason the amounts on deposit in the Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Holders of the Bonds hereby authorized.

Expenditures or disbursements by the Depository Bank from said Construction Trust Fund, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Bonds, shall be made only after such expenditures or disbursements shall have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution 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 Resolution, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VI. 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 6.02. 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 Resolution. 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 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the Series 1989 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Fund and the Reserve Account and all other payments provided for in this Resolution 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 this Resolution.

Section 6.04. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file in the office of the Governing Body, each of which copies will be open to inspection by all interested parties. The rates and charges shall be effective as prescribed by the rules and regulations of the PSC. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay the Operating Expenses of the System and to make the prescribed payments into the funds and accounts

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 (i) to provide for all reasonable Operating Expenses of the System, and to fund any reserves required by the PSC Order or any supplement or amendment thereto, and (ii) to leave a balance each year equal to at least 110% of the maximum amount required in any year to pay the principal of and interest on the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including the Series 1989 A Bonds.

Section 6.05. Sale of the System. So long as the Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of or encumbered (other than any statutory mortgage lien created under the Act on account of obligations issued within the restrictions hereof) only with the written consent of FmHA, and such consent will specify the disposition of any such sale or transfer.

Section 6.06. Issuance of Additional Bonds. Except for the Series 1989 A Bonds, no Additional Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of the Bonds pursuant hereto, except under the conditions and in the manner herein provided.

(A) No such Additional Bonds shall be issued without the written consent in advance of FmHA. No such Additional Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of improvements or extensions to the System or refunding one or more series of Bonds issued hereunder, except as provided in subsection (F) of this section.

(B) No such Additional Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written certification by an Independent Certified Public Accountant, based upon the necessary investigation, reciting the conclusion that the Net Revenues actually derived from the System during the Fiscal Year immediately preceding the date of the issuance of such Additional Bonds shall have been not less than one hundred twenty percent (120%) of the average aggregate amount which will mature or become due in any succeeding Fiscal Year for principal of and interest on the Bonds and on all bonds of all other outstanding series on a parity with the Bonds and on the

Additional Bonds then proposed to be issued. This limitation may be waived or modified by the written consent of Bondholders representing 75% of each series of the then Outstanding Bonds issued pursuant hereto.

(C) Prior to or concurrently with the issuance of any such Additional Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of the Project.

(D) The term "Additional Bonds," as used in this section, shall be deemed to mean Additional Bonds issued under the provisions and within the limitations of this section, payable from the revenues of the System on a parity with the Bonds, and all the covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of any Additional Bonds subsequently issued within the limitations of and in compliance with this section. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any bond over any other. The Issuer shall comply fully with all the increased payments into the various funds, either new or created herein, required for such Additional Bonds, in addition to the payments required for the Bonds originally issued hereunder. Redemption of Bonds prior to maturity, in the event that the Bonds and Additional Bonds hereby authorized are Outstanding, shall as nearly as practical be on an equal pro rata basis reflecting the original amounts of each issue.

(E) No Additional Bonds shall be issued at any time unless all the payments into the respective funds provided for herein on Bonds then Outstanding and all other payments provided for herein shall have been made or paid up as required to the date of issuance of the Additional Bonds and the Issuer shall have fully complied with all the covenants, agreements and terms hereof or shall have remedied any deficiency in such compliance.

(F) With the written consent in advance of FmHA, and anything to the contrary in subsections (A), (B) and (C) of this section notwithstanding, Additional Bonds may be authorized and issued by the Issuer pursuant to a supplemental resolution in the event that the Bonds should be insufficient, together with other funds lawfully available therefor, to pay or provide for all costs of construction of the Project. Any such Additional Bonds authorized and issued under the provisions of this subsection shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of such construction costs, and the maturities of

any such Additional Bonds shall be in years and amounts suggested by FmHA.

Section 6.07. 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 Resolution 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 PSC. 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 FmHA. FmHA shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of FmHA shall be reported to such agent of the Issuer as FmHA shall direct.

The Issuer shall file with the Consulting Engineers, and FmHA, 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 and Net 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 Resolution 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 and shall submit said report to FmHA, or any other original purchaser of the Bonds. Such audit report submitted to FmHA shall include a statement that the Issuer is in compliance with the terms and provisions of this Resolution.

Section 6.08. Fiscal Year; Budget. While the Bonds are Outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 45 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 such annual budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Board. Copies of each annual budget shall be delivered to FmHA 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 percent (10%); and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless the Issuer's failure to submit an annual budget shall be for a reason beyond the control of the Issuer. Each such budget of current expenses shall be delivered and mailed immediately as in the case of the annual budget.

Section 6.09. Services Rendered by the System. The Issuer will not render or cause to be rendered any free services of any nature by its System; 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. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. 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 6.10. 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 laws of the State and the rules and regulations of the Public Service Commission. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services and facilities of the System, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and 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.

The Issuer further covenants and agrees that it will, to the full extent permitted by law, and the rules and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System and, in the event the Issuer owns a water facility (the "Water System"), the Water System to all users 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 have been paid in full and shall take all further actions to enforce collections to the maximum extent permitted by law. The Issuer further covenants to use its best efforts to enter into agreements with any other entities providing water to its users, providing for discontinuing and shutting off the services and facilities of the water system to users of the System delinquent in payment.

Section 6.11. Insurance and Bonds. The Issuer hereby covenants and agrees that, so long as the Bonds remain Outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain 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 prior to acceptance of any part of the Project from the contractor, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) Public Liability Insurance, with limits of not less than $500,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $200,000 from claims for damage to property of others which may

arise from the operation of the System, such insurance to be procured at the commencement of construction of the Project.

(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 for the benefit of the Issuer, with limits of not less than $500,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than $200,000 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.

(D) Workers' Compensation Coverage for All Employees of the System 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 contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of Wayne County prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or valuable property of the System 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 required by FmHA and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available.

(G) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this section, during construction of the Project and so long as FmHA holds any of the Bonds, 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 prime contractor to carry insurance, of such types and in such amounts as FmHA may specify, with insurance carriers or bonding companies acceptable to FmHA.

Section 6.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality for the providing of any services which would compete with services provided by the System.

Section 6.13. Consulting Engineer. The Issuer will retain recognized, qualified independent Consulting Engineers on an annual basis to supervise generally the operation, maintenance and renewal of the System and report annually to the Issuer in writing their recommendations and comments as to the System. Such annual report of the Consulting Engineers or a summary thereof shall be made available at reasonable times to FmHA and to any Bondholder requesting the same.

Section 6.14. Connections. 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.

Section 6.15. Public Purpose Bonds. The Issuer shall use the Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as local governmental activity of the Issuer.

Section 6.16. 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 ten percent of the Net Proceeds of the Bonds is used for Private Business Use if, in addition, the payment of more than ten percent of the principal or ten percent 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) in the event that both (A) in excess of five percent of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) an amount in excess of five percent of the principal or five percent 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 to be used for said Private Business Use, then said excess over said five percent 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.

B. Private Loan Limitation. The Issuer shall assure that not in excess of five percent of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investment) to persons other than state or local government units.

C. Federal Guaranty 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, directly or indirectly, "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 exclusion from gross income for federal income tax purposes of interest on the Bonds, including without limitation the information return required under Section 149(e) of the Code.

E. Further Actions. The Issuer will take any and all actions that may be required of it (including those deemed necessary by FmHA) 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, or fail to take any actions (including those determined by FmHA) which would adversely affect such exclusion.

Section 6.17. Statutory Mortgage Lien. For the further protection of the Holders of 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 Bonds issued hereunder shall be on a parity with that in favor of the owners of the Series 1989 A Bonds.

Section 6.18. Covenant to Amend Resolution. The Issuer retains the right to make any amendments, insertions or deletions by Supplemental Resolutions of this Resolution as the Issuer deems desirable or necessary prior to the issuance of the Bonds, including but not limited to amendments, insertions or deletions to comply with the Code. Notwithstanding the provisions of Section 11.01 hereof, the Issuer shall without consent of the Registered Owners of the Bonds amend or supplement this Resolution to comply with the Code if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. The Board of the Issuer hereby retains the specific authority to amend or supplement this Resolution to comply with the Code. In determining to amend or supplement this Resolution, the Board of the Issuer may rely on the opinion of a nationally recognized bond counsel.

The Issuer also retains the right to make any amendments, insertions or deletions by Supplemental Resolution of this Resolution as the Issuer deems necessary prior to the issuance of the Bonds to meet the requirements of FmHA.

Section 6.19. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

Section 6.20. 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 Resolution or the Water Development Authority Resolution, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Resolution, 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 or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code or by FmHA, 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 succeeding payment date or dates of the Bonds and, for such purpose, Debt Service due from the Issuer on such date or dates 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 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to FmHA and the Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bonds, the Issuer shall calculate, and shall provide written notice to FmHA and the 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 Bonds, 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 from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required 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 6.20.

G. Independent Consultants. In order to provide for the administration of this Section 6.20, 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.

I. Reporting to FmHA. The Issuer shall furnish to FmHA, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by FmHA.

J. If required under the Code and the Regulations, for purposes for this section the Issuer shall treat each series of Bonds issued hereunder separately, and shall establish a separate Rebate Fund and/or Earnings Fund with respect to each such series.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds.

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

(B) 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 Resolution, any Supplemental Resolution or the Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Bond Registrar, any Paying Agent or a Registered Owner of a Bond; or

(C) 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 7.02. 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 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 this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or changes 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 at law or bill in equity enjoin any acts in violation of the resolution with respect to the Bonds, or the rights of such Registered Owners.

Section 7.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution 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 the Bonds, the

Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project, or both, 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 any interest thereon and the deposits into the funds and accounts herein provided and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the 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 Resolution 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 Resolution 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 Bonds issued pursuant to this Resolution 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, 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 Bonds issued pursuant to this Resolution. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose or 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, and the curing and making good of any default under the provisions of this Resolution, 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, mortgage, or otherwise dispose of any assets of the System.

Section 7.04. Remedies on Parity with Series 1989 A Bonds. The exercise of any remedy set forth above shall recognize and protect the parity rights of the owners of the Series 1989 A Bonds or the Authority BANs, as the case may be.

ARTICLE VIII

INVESTMENTS; NON-ARBITRAGE

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

Except as specifically provided herein, 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, including but not limited to those in the Construction Trust Fund, and used for the purpose of such fund or account. 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 owner, including the value of accrued interest and giving effect to the amortization of discount and investments in the "consolidated fund" of the West Virginia Board of Investments shall be valued at par. The Commission or the Depository Bank, 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. Such Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under the section:

A. Qualified Investments acquired from the Reserve Account shall have maturities or be subject to redemption at the option of the holder within five (5) years from the date of acquisition.

B. Qualified Investments acquired for the Renewal and Replacement Fund shall have maturities or be subject to redemption at the option of the holder within ten (10) years from the date of acquisition.

C. Qualified Investments may be purchased for the Reserve Account or the Renewal and Replacement Fund either in the open market or from the Construction Trust Fund. If so purchased from the Construction Trust Fund, such Qualified Investments shall be purchased at a price equal to their original purchase price plus accrued interest.

Section 8.02. Restrictions as to Arbitrage Bonds. 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 to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Code, and the Chairman of the Issuer shall deliver his certificate, based upon this covenant, with regard thereto to FmHA.

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, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Series 1989 B Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and the 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.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Modification or Amendment. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Owners of the Bonds shall be made without the consent in writing of the Owners of 66-2/3 percent 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 Net Revenues of the System without the consent of the respective Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds respectively, required for consent to the above-permitted amendments or modifications.

Section 9.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution, any Supplemental Resolution or the Bonds.

Section 9.03. 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 9.04. Repeal of Conflicting Resolutions. All resolutions and orders, or parts thereof, in conflict with this Resolution are, to the extent of such conflict, repealed; provided, that no provision of the Water Development Authority Resolution or of FmHA Form 442-47 shall be repealed hereby. To the extent of any irreconcilable conflict between this Resolution and the Water Development Authority Resolution, the provision most restrictive to the Issuer and protective of the Bondholders and owners of the Water Development Authority Bonds shall apply.

Section 9.05. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman,

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

Section 9.06. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the respective pledges of Net Revenues, and other moneys and securities pledged under this Resolution, and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

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 irrevocably in trust with the Depository Bank at the same or earlier time, shall be sufficient, to pay as and when due the principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds shall prior to the maturity thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited in trust with the Depository Bank or the Commission 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 irrevocably in trust with the Depository Bank or the Commission at the same time, shall be sufficient, to pay when due the principal of and interest due and to become due on said Bonds on and prior to the maturity dates or, if the Issuer irrevocably determines to redeem the Bonds prior to the maturity thereof, to the redemption date thereof. Neither securities nor moneys deposited irrevocably in trust with the Depository Bank or 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 of and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited irrevocably in trust with the Depository Bank 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 of and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the District, as received by said Depository Bank or the Commission, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 9.07. Effective Date. This Resolution shall take effect immediately upon its adoption.

Adopted this 30th day of January, 1989.

NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT

Herman E. Wellman
Chairman, Public Service Board

Fred Russell
Member, Public Service Board

Steven L. Thompson
Member, Public Service Board

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of Northern Wayne County Public Service District on the 30th day of January, 1989.

Dated: January 30, 1989.

[SEAL]

Steven L. Thyson

Secretary, Public Service Board

EXHIBIT A

PROJECT

Acquisition and construction of a sewage collection and transportation system, located primarily in the Lavalette and Buffalo Creek areas of the Issuer, consisting of approximately 930 grinder pumps, 22 septic tanks, 43.7 miles of force main, 1.91 miles of gravity main, 11.41 miles of 1.25-inch force main service pipe, .07 miles of 4-inch gravity service pipe, 4 main line pump stations, 31 manholes, valves and all appurtenances and an administrative and maintenance building.

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

January 30, 2001

Northern Wayne County Public Service District
Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant of the Issuer, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amounts of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program) (the "Bonds"), in the original aggregate principal amount of $497,857, by Northern Wayne County Public Service District (the "Issuer"), under the terms of the resolution authorizing the Bonds, on a parity with the Issuer's Sewerage System Revenue Bonds, Series 1989 A Bonds, and senior and prior to the Subordinate Sewerage System Revenue Bonds, Series 1989 (collectively, "Prior Bonds"), with respect to liens, pledge and source of and security for payment.

Daniel B. Lyonkosky
Authorized Representative

01/23/01
664320/99001

USDA

United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505-7500
Telephone: (304) 284-4888
Fax: (304) 284-4892
TTY/TDD: (304) 284-4836

January 30, 2001

Northern Wayne County Public Service District
Sewerage System Design Revenue Bonds, Series 2001 A
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States Department of Agriculture, Rural Development, the present holder of the entire outstanding aggregate principal amount of the Sewerage System Revenue Bonds, Series 1989 B, dated February 15, 1989 (the "Series 1989 B Bonds"), of Northern Wayne County Public Service District (the "Issuer"), hereby consents to the issuance of the Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program) (the "Series 2001 A Bonds"), in the original aggregate principal amount of $497,857, by the Issuer, under the terms of the resolution authorizing the Series 2001 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Series 1989 B Bonds, and hereby waives any requirements imposed by the Series 1989 B Bonds or the resolution authorizing the Series 1989 B Bonds regarding the issuance of parity obligations which are not met by the Series 2001 A Bonds.

Dianne Goff Crysler

Dianne Goff Crysler
Acting State Director

Rural Development is an Equal Opportunity Lender. Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, DC 20250.

CLOSING MEMORANDUM

To: Financing Team

From: John C. Stump, Esquire

Date: January 30, 2001

Re: Closing Memo - Northern Wayne County Public Service Sewerage System Design Revenue Bonds, Series 2001 A (West Virginia SRF Program)

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1. **DISBURSEMENTS TO NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT**

Payor:	West Virginia Division of Environmental Protection (West Virginia SRF Program)
Amount:	$396,751
Form:	Check
Payee:	Northern Wayne County Public Service District
Contact:	Rosalie Brodersen (304) 558-0637

2. **DISBURSEMENTS BY NORTHERN WAYNE COUNTY PUBLIC SERVICE DISTRICT**

A.

Source:	Series 2001 A Bonds Proceeds
Amount:	$16,595
Form:	Check
Payee:	West Virginia Municipal Bond Commission
Memo:	Series 2001 A Bonds Reserve Account

B.

Source:	Series 2001 A Bonds Proceeds
Amount:	$192,142.96
Form:	Check
Payee:	West Virginia Municipal Bond Commission
Memo:	Series 1989 A Bonds Reserve Account

C.	Source:	Series 2001 A Bonds Proceeds
	Amount:	$105,225
	Form:	Check
	Payee:	West Virginia Municipal Bond Commission
	Memo:	Series 1989 B Bonds Reserve Account
D.	Source:	Series 2001 A Bonds Proceeds
	Amount:	$8,951
	Form:	Check
	Payee:	West Virginia Municipal Bond Commission
	Memo:	Series 1989 C Bonds Reserve Account
E.	Source:	Series 2001 A Bonds Proceeds
	Amount:	$61,836.31
	Form:	Check
	Payee:	West Virginia Municipal Bond Commission
	Memo:	Series 1989 C Bonds Sinking Fund
F.	Source:	Series 1989 B Bonds Reserve Account (The Huntington National Bank)
	Amount:	$50,151.60
	Form:	Check
	Payee:	West Virginia Municipal Bond Commission
	Memo:	Series 1989 B Bonds Reserve Account

Northern Wayne County Public Service District
FMHA Reserve Account

93

DATE January 30, 2001 $\frac{69-376}{519}$ 60

PAY TO THE ORDER OF West Virginia Municipal Bond Commission $ 50,151.60**

Fifty Thousand One Hundred Fifty One and 60/100---------- DOLLARS

Security features included. Details on back.

Huntington National Bank
West Virginia
Lavalette Office
Lavalette, WV 25535-9703

Huntington Banks

MEMO Series 1989B Bond Reserve

MP

⑆051903761⑆ 1901⑈30294⑈

SAFETY PAPER

© DELUXE WALLET OR DUPLICATE

Northern Wayne County Public Service District
Series 2001A Construction Project Account

0001

69-376/519

DATE January 30, 2001

PAY TO THE ORDER OF West Virginia Municipal Bond Commission $16,595.00**

Sixteen Thousand Five Hundred Ninety Five and 00/100 DOLLARS

The Huntington National Bank
Huntington, WV 25710

Huntington Banks

FOR Series 2001A Bonds Reserve

⑆051903761⑆ 0156110485 5⑈

Northern Wayne County Public Service District
Series 2001A Construction Project Account

0002

69-376/519

DATE January 30, 2001

PAY TO THE ORDER OF West Virginia Municipal Bond Commission $192,142.96**

One Hundred Ninety Two Thousand One Hundred Forty Two and 96/100 DOLLARS

The Huntington National Bank
Huntington, WV 25710

Huntington Banks

FOR Series 1989A Bonds Reserve

⑆051903761⑆ 0156110485 5⑈

Northern Wayne County Public Service District
Series 2001A Construction Project Account

0003

69-376/519

DATE January 30, 2001

PAY TO THE ORDER OF West Virginia Municipal Bond Commission $105,225.00**

One Hundred Five Thousand Two Hundred Twenty Five and 00/100 DOLLARS

The Huntington National Bank
Huntington, WV 25710

Huntington Banks

FOR Series 1989B Bonds Reserve

⑆051903761⑆ 0156110485 5⑈

Northern Wayne County Public Service District
Series 2001A Construction Project Account

0004

69-376/519

DATE January 30, 2001

PAY TO THE ORDER OF West Virginia Municipal Bond Commission $8,951.00**

Eight Thousand Nine Hundred Fifty One and 00/100** DOLLARS

The Huntington National Bank
Huntington, WV 25710

Huntington Banks

FOR Series 1989C Bonds Reserve

⑆051903761⑆ 0156110485 5⑈

Northern Wayne County Public Service District
Series 2001A Construction Project Account

0005

69-376/519

DATE January 30, 2001

PAY TO THE ORDER OF West Virginia Municipal Bond Commission $61,836.31**

Sixty One Thousand, Eight Hundred Thirty Six and 31/100 DOLLARS

The Huntington National Bank
Huntington, WV 25710

Huntington Banks

FOR Series 1989C Bonds Sinking Fund

⑆051903761⑆ 0156110485 5⑈