OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1988 A and Series 1988 B
and
Sewerage System Bond Anticipation Notes, Series 1988

Date of Closing: September 30, 1988

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OHIO COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1988 A, B, C and D
and
BOND ANTICIPATION NOTES, SERIES 1988

BOND AND NOTES RESOLUTION

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OHIO COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF OHIO COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 A, NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 B, NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 C, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 D, NOT MORE THAN $2,000,000 OF BOND ANTICIPATION NOTES, SERIES 1988, AND NOT MORE THAN $5,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS, BOND ANTICIPATION NOTES AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE, IF APPLICABLE, SECURING THE NOTES; APPROVING AND AUTHORIZING LOAN AGREEMENTS AND SUPPLEMENTAL LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH SERIES 1988 A BONDS, SERIES 1988 B BONDS, BOND ANTICIPATION NOTES AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF OHIO COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer owns and operates a public sewage treatment, collection and transportation system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements for such existing sewerage facilities of the Issuer consisting of collector and interceptor lines to serve approximately 730 homes in the Short Creek Watershed area and all appurtenant facilities and constituting the "Phase IIB" project described in the Order of the Public Service Commission of West Virginia(the "Project") (the existing sewerage facilities, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $7,624,652, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds, the Bonds and the BAN, and all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Resolution, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to authorize the issuance of its Sewer Revenue Bonds in the total aggregate principal amount of not more than $4,500,000 in four series, being the Series 1988 A Bonds in the aggregate principal amount of not more than $1,000,000, the Series 1988 B Bonds in the aggregate principal amount of not more than $500,000, the Series 1988 C Bonds in the aggregate principal amount of not more than $2,000,000, the Series 1988 D Bonds in the aggregate principal amount of not more than $1,000,000 (collectively, the "Original Bonds"), the Sewerage System Bond Anticipation Notes, Series 1988 (the "BAN") in the aggregate principal amount of not more than $2,000,000, and its

sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes") in the aggregate principal amount of not more than $5,000,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Original Bonds and BAN prior to and during construction or acquisition and for not more than 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering, and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Original Bonds, BAN 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 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 fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Original Bonds, BAN or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1988 A Bonds and Series 1988 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") both dated September 30, 1988, entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof; and that its Series 1988 C Bonds and Series 1988 D Bonds be sold to the Authority pursuant to the terms and provisions of a second loan agreement and supplemental loan agreement (collectively, the "Second Loan Agreement") hereby approved, and, pending the sale of such Series 1988 C and Series 1988 D Bonds, that the BAN be issued and sold to the Authority.

G. There are outstanding obligations of the Issuer which will rank prior to or on parity with the Bonds and the BAN as to lien and source of and security for payment as follows:

(i) Sewer Revenue Bonds, Series 1986 A, dated May 16, 1986, issued in the original aggregate principal amount of $100,320, of which $100,054 remains outstanding as of the date of adoption of this Resolution (the "Series 1986 A Bonds"); and

(ii) Sewer Revenue Bonds, Series 1986 B, dated May 16, 1986, issued in the original aggregate principal amount of $49,961, of which $48,680 remains Outstanding as of the date of enactment of this Ordinance (the "Series 1986 B Bonds).

The Series 1986 B Bonds are junior and subordinate to the Series 1986 A Bonds. The Series 1986 A Bonds and the Series 1986 B Bonds are herein collectively called the "Prior Bonds." The Series 1986 A Bonds, Series 1988 A Bonds and Series 1988 C Bonds are herein collectively called the "First Lien Bonds" and shall be on parity with each other. The Series 1986 B Bonds, Series 1988 B Bonds and Series 1988 D Bonds are herein collectively called the "Subordinate Bonds" and shall be junior and subordinate to the First Lien Bonds, and on parity with each other. The BAN shall be junior and subordinate to the First Lien Bonds, and shall be on a parity with the Subordinate Bonds.

The BAN shall be payable from proceeds of the Series 1988 C Bonds and Series 1988 D Bonds or, if the Series 1988 C and Series 1988 D Bonds are not issued, from the Net Revenues. The Notes shall not be payable from the Net Revenues, but shall be payable from the Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, the BAN and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, which has been appealed to the West Virginia Supreme Court of Appeals, and which appeal has been dismissed thereby.

I. The Issuer has received (or will receive prior to issuance of the Bonds) the written consent of the Authority to issuance of the Series 1988 A Bonds and Series 1988 C Bonds on parity with the Series 1986 A Bonds and the Series 1988 B Bonds and Series 1988 D Bonds on parity with the Series 1986 B Bonds.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds, the BAN and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and 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, BAN and Notes, 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, BAN of the same series and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

"BAN" means the Issuer's Sewerage System Bond Anticipation Notes, Series 1988, to be issued concurrently with the Series 1988 A and Series 1988 B Bonds.

"BAN Reserve Account" means the BAN Reserve Account established in the BAN Sinking Fund pursuant to Section 5.02 hereof.

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

"BAN Sinking Fund" means the BAN Sinking Fund established by Section 5.02 hereof.

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

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

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

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

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

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

"Series 1986 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 A, dated May 16, 1986, issued in the original aggregate principal amount of $100,320, of which $100,054 remains Outstanding as of the date of adoption of this Resolution.

"Series 1986 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 B, dated May 16, 1986, issued in the original aggregate principal amount of $49,961, of which $48,680 remains Outstanding as of the date of adoption of this Resolution.

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

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Authority.

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

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

"Consulting Engineers" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

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

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, 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.

"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 1988 A and Series C Bonds and the BAN 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 1988 A and Series C Bonds and the BAN, plus

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

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

"First Lien Bonds" means, collectively, the Series 1986 A, Series 1988 A and Series 1988 C Bonds.

"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.

"Grant" means the EPA Grant.

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

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

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

(i) Original proceeds of the Series 1988 A and Series 1988 C Bonds and the BAN, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1988 A and Series 1988 C Bonds and the BAN, 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 1988 A and Series 1988 C Bonds and the BAN;

(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 1988 A or Series 1988 C Bonds or the BAN;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior bonds and which are deemed to become proceeds of the Series 1988 A or Series 1988 C Bonds or the BAN ratably as original proceeds of the Series 1988 A or Series 1988 C Bonds or the BAN, 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 1988 A or Series 1988 C Bonds or the BAN, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

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

(vi) Investment Property pledged as security for payment of Debt Service on the Series 1988 A or Series 1988 C Bonds or the BAN by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1988 A or Series 1988 C Bonds or the BAN; and

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

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

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

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

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

"Loan Agreement" means, collectively, the Loan Agreement and the Supplemental Loan Agreement, both dated September 30, 1988, entered into between the Authority and the Issuer providing for the purchase of the Series 1988 A and Series 1988 B Bonds from the Issuer by the Authority, the forms of which are approved, and the execution and delivery by the Issuer authorized and directed by, this Resolution.

"Net Proceeds" means the face amount of the Series 1988 A Bonds, Series 1988 C Bonds and the BAN, plus accrued interest and

premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 1988 A Bonds, Series 1988 C Bonds and BAN Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1988 A and Series 1988 C Bonds or the BAN, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" means collectively, the not more than $5,000,000 in aggregate principal amount of sewerage system grant anticipation notes or notes evidencing a line of credit originally authorized hereby which may be issued by the Issuer, the terms of which shall be set forth in a Supplemental Resolution, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture, if any.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by Section 4.01 of the Indenture, if any.

"Notes Registrar" means the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and 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 the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or

retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, BAN 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 Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the Series 1988 A, Series 1988 B, Series 1988 C and Series 1988 D Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event Notes are issued, such original purchaser of the Notes as shall be named in a resolution supplemental hereto.

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

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

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

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds, BAN and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means collectively, the Series 1986 A Bonds and the Series 1986 B Bonds.

"Prior Resolution" means the Resolution authorizing issuance of the Series 1986 A and Series 1986 B Bonds.

"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 sewer development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of sewer development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain additions, betterments and improvements for the Issuer's existing sanitary sewerage facilities, consisting of collector and interceptor lines to serve approximately 730 homes in the Short Creek Watershed area and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Series 1988 A and Series 1988 C Bonds and the BAN, 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 1988 A and Series 1988 C Bonds and the BAN, 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 1988 A and Series 1988 C Bonds and the BAN, of each maturity is sold or, if the Series 1988 A and Series 1988 C Bonds and the BAN, are privately placed, the price paid by the first buyer of the Series 1988 A and Series 1988 C Bonds and the BAN, or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1988 A or Series 1988 C Bonds and the BAN, for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1988 A or Series 1988 C Bonds and the BAN.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"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 or successor thereto.

"Renewal and Replacement Fund" means the Renewal and

Replacement Fund established by Section 5.01 hereof.

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

"Second Loan Agreement" means, collectively, the second loan agreement and the second supplemental loan agreement between the Authority and the Issuer providing for the purchase, at a future date, of the Series 1988 C and Series 1988 D Bonds from the Issuer by the Authority, the forms of which are hereby approved, and the execution and delivery of which are directed.

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

"Series 1988 A Bonds" or "1988 A Bonds" means the not more than $1,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 A, of the Issuer.

"Series 1988 A Bonds Reserve Account" means the Series 1988 A Bonds Reserve Account established in the Series 1988 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 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 1988 A Bonds in the then current or any succeeding year.

"Series 1988 A Bonds Sinking Fund" means the Series 1988 A Sinking Fund established by Section 5.02 hereof.

"Series 1988 B Bonds" or "1988 B Bonds" means the not more than $500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 C, of the Issuer.

"Series 1988 B Bonds Reserve Account" means the Series 1988 B Bonds Reserve Account established in the Series 1988 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1988 B Bonds in the then current or any succeeding year.

"Series 1988 B Bonds Sinking Fund" means the Series 1988 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1988 C Bonds" or "1988 C Bonds" means the not more than $2,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 C, of the Issuer.

"Series 1988 C Bonds Reserve Account" means the Series 1988 C Bonds Reserve Account established in the Series 1988 C Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 C Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1988 C Bonds in the then current or any succeeding year.

"Series 1988 C Bonds Sinking Fund" means the Series 1988 C Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1988 D Bonds" or "1988 D Bonds" means the not more than $1,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 D, of the Issuer.

"Series 1988 D Bonds Reserve Account" means the Series 1988 D Bonds Reserve Account established in the Series 1988 D Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 D Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1988 D Bonds in the then current or any succeeding year.

"Series 1988 D Bonds Sinking Fund" means the Series 1988 D Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Subordinate Bonds" means, collectively, the Series 1986 B, Series 1988 B and Series 1988 D Bonds.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the BAN, the Notes or the Original Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Original Bonds, the BAN or the Notes, 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 the Bond Legislation to be set aside and held for the payment of or

security for the Bonds, the Prior Bonds, the BAN or any other obligations of the Issuer, including the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds, BAN or other obligations are to be used to pay Costs of the Project.

"System" means the complete public sewerage system of the Issuer, as presently existing in its entity or any integral part thereof, and shall include the Project and any further improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, 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 1988 A Bonds, Series 1988 C Bonds or the BAN, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $7,624,652, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds, BAN and Notes hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

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 1988 A and Series 1988 C Bonds, funding a reserve account for each series of Original 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 determined by the Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $4,500,000. Said Bonds shall be issued in four series, to be designated and issued in the maximum principal amounts as follows:

"Sewer Revenue Bonds, Series 1988 A" - $1,000,000
"Sewer Revenue Bonds, Series 1988 B" - $ 500,000
"Sewer Revenue Bonds, Series 1988 C" - $2,000,000
"Sewer Revenue Bonds, Series 1988 D" - $1,000,000

Said bonds shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 1988 A and Series 1988 B Bonds shall be issued contemporaneously with issuance of the BAN and prior to the issuance of the Notes, if any. The Series 1988 C and Series 1988 D Bonds shall be issued subsequent to issuance of the BAN, for the purpose of paying the BAN, costs of issuing the Series 1988 C and Series 1988 D Bonds and remaining Costs of the Project. 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 credited to or deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form 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 Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of

Authentication and Registration on all of the Bonds issued hereunder.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided 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; Respective Lien Positions. The payment of the debt service of all the Series 1988 A and Series 1988 C Bonds shall be secured forthwith equally and ratably with each other, by a lien on the Net Revenues on parity with the lien on Net Revenues in favor of the Holders of the Series 1986 A Bonds. The payment of the debt service of all the Series 1988 B and Series 1988 D Bonds and the BAN shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues junior and subordinate to the lien on Net Revenues in favor of the Holders of the First Lien Bonds and on parity with the lien on Net Revenues in favor of the Holders of the Series 1986 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the BAN 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 and the BAN 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 1988 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1988 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Ohio 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 April 1, 1989. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this series] (the "Bonds") during the construction of the Project and for approximately _____ months thereafter; (iii) [to fund a reserve account for the Bonds]; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on _____, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1988 B, of the Issuer (the "Series 1988 B Bonds"), issued in the aggregate principal amount of $_____ and the Sewerage System Bond Anticipation Notes, Series 1988 (the "BAN"), issued in the aggregate principal amount of $_____, which Series 1988 B Bonds and BAN are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, DATED MAY 16, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,320 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) on a parity basis with the Prior Bonds to be derived from the operation of the System, moneys in the Reserve Account (the "Series 1988 A Bonds Reserve Account"), created under the Bond Legislation for the Bonds and unexpended proceeds of the Bonds, the BAN and the Series 1988 B 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 1988 A Bonds Reserve Account and unexpended proceeds of the Bonds, the BAN and the Series 1988 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1988 B Bonds, the BAN and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, the Series 1988 B Bonds, or the BAN, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1988 B Bonds, the BAN and any other obligations outstanding prior to or on a parity with the Bonds or Series 1988 B Bonds or the BAN, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, OHIO 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 _____, 1988.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1988 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1988 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Ohio County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds") and (iii) to pay certain costs of issuance of the Bonds and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution,

duly adopted by the Issuer on _____, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, SERIES 1986 A, DATED MAY 16, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,320 (THE "SERIES 1986 A BONDS") AND

(ii) SEWER REVENUE BONDS, SERIES 1988 A, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1988 A BONDS").

THIS BOND IS ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED MAY 16, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $49,961 (THE "SERIES 1986 B BONDS") AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1988, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "BAN").

The Series 1986 A Bonds And the Series 1986 B Bonds are herein 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) on a parity basis with the Series 1986 B Bonds and the BAN 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 1986 A Bonds and the Series 1988 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1988 B Bonds Reserve Account), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the

moneys in the Series 1988 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the BAN, the Series 1988 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 B Bonds Reserve Account and the reserve account established for the Series 1988 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1988 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior 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 Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 A Bonds.

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

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

IN WITNESS WHEREOF, OHIO 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 _____, 1988.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1988 C Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1988 C

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Ohio 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 _____, 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the principal of the Issuer's Sewerage System Bond Anticipation Notes, Series 1988; (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on _____, and _____, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1988 D, of the Issuer (the "Series 1988 D Bonds"), issued in the aggregate principal amount of $_____, which Series 1988 D Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, DATED MAY 16, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,320 AND SEWER REVENUE BONDS, SERIES 1988 A, DATED _____, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) on a parity basis with the Prior Bonds to be derived from the operation of the System, moneys in the Reserve Account (the "Series 1988 C Bonds Reserve Account"), created under the Bond Legislation for the Bonds and unexpended proceeds of the Bonds and the Series 1988 D 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 1988 C

Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1988 D Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Prior Bonds, the Series 1988 B Bonds (as defined in the Bond Legislation), the Series 1986 B Bonds (as defined in the Bond Legislation), the Series 1988 D Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, the Series 1988 B Bonds, the Series 1986 B Bonds or the Series 1988 D Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1988 B Bonds, the Series 1988 D Bonds, the Series 1986 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 D Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such

moneys, until so applied, in favor of the owner of this Bond such lien to be on a parity however, with the lien of the holders of the Series 1988 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 and interest on this Bond.

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

IN WITNESS WHEREOF, OHIO 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 _____, 19____.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1988 D Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1988 D

No. DR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Ohio County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ _____ ($_____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the principal of the Issuer's Sewerage System Bond Anticipation Notes, Series 1988; (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as

amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on _____, and _____, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, SERIES 1986 A, DATED MAY 16, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,320 (THE "SERIES 1986 A BONDS");

(ii) SEWER REVENUE BONDS, SERIES 1988 A, DATED _____, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1988 A BONDS"); AND

(iii) SEWER REVENUE BONDS, SERIES 1988 C, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1988 C BONDS").

THIS BOND IS ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN ADDITIONAL OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, SERIES 1986 B, DATED MAY 16, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $49,961 (THE "SERIES 1986 B BONDS"); AND

(ii) SEWER REVENUE BONDS, SERIES 1988 B, DATED _____, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1988 B BONDS").

The Series 1986 A Bonds, Series 1986 B Bonds, Series 1988 A Bonds and Series 1988 B Bonds are herein 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) on a parity basis with the Series 1986 B and Series 1988 B Bonds 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 1986 A, Series 1988 A and Series 1988 C Bonds and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1988 D Bonds Reserve Account), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1988 D Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the 1986 A Bonds, the Series 1988 A and Series 1988 C Bonds (collectively, the "First Lien Bonds"), the Series 1986 B Bonds and the Series 1988 B Bonds (as defined in the Bond Legislation), and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the First Lien Bonds, the Series 1986 B Bonds and the Series 1988 B Bonds, provided however, that so long as there exists in the Series 1988 D Bonds Reserve Account and the reserve accounts established for the First Lien Bonds, the Series 1986 B Bonds, and the Series 1988 B Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds, the First Lien Bonds and the Series 1986 B Bonds, and the Series 1988 B Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 A Bonds and Series 1988 C Bonds.

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

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

IN WITNESS WHEREOF, OHIO 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 _____, 19____.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 D 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement and Second Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement and Second Loan Agreement in the forms attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement and Second 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 Series 1988 B and Series 1988 D 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 Series 1988 B and Series 1988 D 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 Series 1988 B or Series 1988 D Bonds for payment until the outstanding Notes have been paid.

ARTICLE IV

BAN AND INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the proceeds of the Grant Receipts, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $5,000,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the Grant Receipts, the Surplus Revenues, the letter of credit proceeds, if any, and other sources described in the Indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $1,000,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding

notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

Section 4.05. Issuance of BAN. In order to pay certain Costs of the Project pending receipt of the proceeds of the Series 1988 C and Series 1988 D Bonds, the Issuer shall issue its BAN, in an aggregate principal amount not to exceed $2,000,000. The 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 BAN in the Supplemental Resolution.

Section 4.06. Form of BAN. The text of the BAN shall be in substantially the following form, with such ommissions, 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
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1988

No. R-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Ohio 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 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 installments of this Note 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 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 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 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 1988 C and Series 1988 D Bonds (as hereinafter defined), or otherwise provide for redemption hereof, at the price of 100% of the principal amount outstanding 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, Series 1988, of the Issuer (the "Notes") issued in the aggregate principal amount of $1,164,129, and is issued (i) to temporarily pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to pay interest hereon during the construction of the Project and for approximately 2 months thereafter; (iii) to fund a reserve account for the Notes; and (iv) to pay certain costs of issuance hereof and related costs. 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 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on September 28, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof.

This Note is issued concurrently with the Sewer Revenue Bonds, Series 1988 A and Series 1988 B, of the Issuer (the "Bonds"), issued in the aggregate principal amount of $868,656, which Series 1988 A Bonds are senior and prior to the Notes and Series 1988 B Bonds are on parity with the Notes with respect to the lien on and pledge of the Net Revenues (as defined in the Bond Legislation).

This Note is payable from proceeds of the Issuer's Sewer Revenue Bonds, Series 1988 C (the "Series 1988 C Bonds") and Series 1988 D (the "Series 1988 D Bonds"), expected to be purchased by the Authority in accordance with a letter of the Authority dated September 30, 1988, relating to such purchase. In the event the Series 1988 C and Series 1988 D Bonds are not purchased by the Authority in accordance with a letter from the Authority dated September 30, 1988, relating to such purchase. In the event the Series 1988 C and Series 1988 D Bonds are not purchased by the Authority, this Note shall be payable from and secured by a pledge of the Net Revenues on a subordinate basis to the Series 1986 A and Series 1988 A and on a parity with the Series 1986 B and Series 1988 B Bonds, moneys in the Reserve Account (the "BAN Reserve Account"), created under the Bond Legislation 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 1988 C and Series 1988 D 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 Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the 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 Bond Legislation. Remedies provided the registered owners of the Notes 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 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.

Subject to the registration requirements set forth herein, this Note, 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 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 Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Note subject however, to the prior lien thereon in favor of the holders of the Series 1986 A and Series 1988 A Bonds, and the parity lien thereon in favor of the holders of the Series 1986 B and Series 1988 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 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 Note.

All provisions of the Bond Legislation, resolutions 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, OHIO COUNTY PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated _____, 1988.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Bond Anticipation Notes, Series 1988, 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

ASSIGNMENT

FOR VALUE RECEIVED the undersigned 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 of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund;

(4) Pump Replacement Reserve Fund; and

(5) Connection Reserve Fund.

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

(1) The Sinking Funds established for the Series 1986 A Bonds and the Series 1986 B Bonds (herein collectively called the "Prior Bonds Sinking Funds");

(2) Series 1988 A Bonds Sinking Fund;

(a) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account.

(3) Series 1988 B Bonds Sinking Fund;

(a) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account.

(4) Series 1988 C Bonds Sinking Fund;

(a) Within the Series 1988 C Bonds Sinking Fund, the Series 1988 C Bonds Reserve Account.

(5) Series 1988 D Bonds Sinking Fund;

(a) Within the Series 1988 D Bonds Sinking Fund, the Series 1988 D Bonds Reserve Account.

(6) BAN Sinking Fund;

(a) Within the BAN Sinking Fund, the BAN 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.

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

(2) The Issuer shall next, on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, the Series 1988 A Bonds Sinking Fund and the Series 1988 C Bonds Sinking Fund, such sums as shall be equal to 1/6th of the respective amounts of interest which will become due on the Series 1986 A, Series 1988 A and Series 1988 C Bonds on the next ensuing semiannual interest payment date thereof; provided, that, such payments on account of the Series 1988 A and Series 1988 C Bonds shall commence 7 months prior to the first date of payment of interest on such Series of Bonds for which interest has not been capitalized; and provided further, that in the event the period to elapse between the date of such initial deposit in the Series 1988 A Bonds Sinking Fund or Series 1988 C 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; provided further, that interest on the Series 1986 A, Series 1988 A and Series 1988 C Bonds shall be paid pro rata, in accordance with the respective principal amounts thereof Outstanding.

(3) The Issuer shall next, on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, the Series 1988 A Bonds Sinking Fund,

and the Series 1988 C Bonds Sinking Fund, such sums as shall be equal to 1/12th of the amount of principal which will mature and become due on the Series 1986 A, Series 1988 A and Series 1988 C Bonds on the next ensuing principal payment date thereof; provided that, such payments on account of the Series 1988 A and Series 1988 C Bonds shall commence 13 months prior to the first date of payment of principal on such Series of Bonds; and provided further, that in the event the period to elapse between the date of such initial deposit in the Series 1988 A Bonds Sinking Fund or Series 1988 C 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; provided further, that principal of the Series 1986 A, Series 1988 A and Series 1988 C Bonds shall be paid pro rata in accordance with the respective principal amounts Outstanding.

(4) The Issuer shall next, on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, the Series 1988 A Bonds Reserve Account, and the Series 1988 C Bonds Reserve Account, such amounts as shall be equal to 1/120 of the Series 1986 A Bonds Reserve Requirement, the Series 1988 A Bonds Reserve Requirement and the Series 1988 C Bonds Reserve Requirement; provided, that such payments on account of the Series 1988 A and Series 1988 C Bonds shall commence 13 months prior to the first date of payment of principal on such Series of Bonds; and provided further, that no further payments shall be made into any such 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 for such Series of Bonds; provided further, that the reserve accounts established for the Series 1986 A, Series 1988 A and Series 1988 C Bonds shall be funded pro rata, in accordance with the respective principal amounts Outstanding.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, transfer to the Renewal and Replacement Fund established by the 1986 Resolution and continued herein, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept

apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1986 A Bonds Reserve Account, the Series 1988 A Bonds Reserve Account or the Series 1988 C Bonds 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 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, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, the Series 1988 B Bonds Sinking Fund, and the Series 1988 D Bonds Sinking Fund such sums as shall be equal to 1/12th of the amount of principal which will mature and become due on the Series 1986 B Bonds, the Series 1988 B Bonds and the Series 1988 D Bonds on the next ensuing principal payment date thereof; provided that, such payments on account of the Series 1988 B Bonds and Series 1988 D Bonds shall commence 13 months prior to the first date of payment of principal on such Series of Bonds; and provided further, that in the event the period to elapse between the date of such initial deposit in the Series 1988 B Bonds Sinking Fund or Series 1988 D 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; provided further, that principal of the Series 1986 B, Series 1988 B and Series 1988 D Bonds shall be paid pro rata, in accordance with the respective principal amounts Outstanding.

(7) The Issuer shall next, on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, the Series 1988 B Bonds Reserve Account and the Series 1988 D Bonds Reserve Account, such amounts as shall be equal to 1/120 of the Series 1986 B Bonds Reserve Requirement, the Series 1988 B Bonds Reserve Requirement and the Series 1988 D Bonds Reserve

Requirement; provided, that such payments on account of the Series 1988 B Bonds and Series 1988 D Bonds shall commence 13 months prior to the first date of payment of principal on such Series of Bonds; and provided further, that no further payments shall be made into any such 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 for such Series of Bonds; provided further, that the reserve accounts established for the Series 1986 B, Series 1988 B and Series 1988 D Bonds shall be funded pro rata, in accordance with the respective principal amounts Outstanding.

In the event the Series 1988 C and Series 1988 D Bonds are not issued prior to April 1, 1989, the payments which would have been made with respect to the Series 1988 C and Series 1988 D Bonds set forth in Section 5.03(2), (3), (4),(6) and (7) hereof shall be made into the BAN Sinking Fund on behalf of the BAN.

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

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

Any withdrawals from the Series 1986 A Bonds Reserve Account, the Series 1988 A Bonds Reserve Account or the Series 1988 C Bonds Reserve Account which result in a reduction in the balance of such Reserve Accounts to below the Reserve Requirements therefor, shall be subsequently restored from the first Net Revenues available after all required payments to the attendant Sinking Funds for payment of debt service thereof have been made in full.

Any withdrawals from the Series 1986 B Bonds Reserve Account, the Series 1988 B Bonds Reserve Account, the Series 1988 D Bonds Reserve Account or the BAN Reserve Account which result in a reduction in the balance of such Reserve Accounts to below the Reserve Requirements therefor, shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A, Series 1988 A and Series 1988 C Bonds Sinking Funds and Reserve Accounts, the Renewal and Replacement Fund and the Series 1986 B, Series 1988 B and Series 1988 C Bonds and BAN Sinking Funds 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 the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

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

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

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

8. The Issuer shall next, on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Depository Bank for deposit in the Pump Replacement Fund and the Connection Reserve Fund, the respective sums of $895 and $935.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the sinking funds established for the Prior Bonds and the Renewal and Replacement Fund 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, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund.

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 or Registrar'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, 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.

F. Moneys in the Pump Replacement Fund shall be used solely to pay costs of replacing grinder pumps for the System and moneys in the Connection Reserve Fund shall be used solely to pay costs of connecting new customers to the System.

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

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

I. All Tap Fees shall be deposited 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, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

J. In the event that moneys in the Revenue Fund may be inadequate to permit the Issuer to make all of the deposits required by this Section 5.03, the principal of and interest on the Series 1986 A Bonds, the Series 1988 A Bonds and the Series 1988 C Bonds shall be paid pro-rata, in accordance with the respective Outstanding principal amounts thereof, and the Series 1986 B Bonds, the Series 1988 B Bonds, the BAN, if then Outstanding and the Series 1988 D Bonds shall also be paid pro-rata, in accordance with the respective Outstanding principal amounts thereof.

ARTICLE VI

DISPOSITION OF BOND AND BAN PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Series 1988 A and Series 1988 B Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1988 A and Series 1988 B Bonds, the following amounts shall be deposited in the order set forth below:

A. From the proceeds of the Series 1988 A Bonds, there shall first be deposited with the Commission in the Series 1988 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 1988 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 1988 A Bonds, there shall be deposited with the Commission in the Series 1988 A Bonds Reserve Account and from the proceeds of the Series 1988 B Bonds, there shall be deposited with the Commission in the Series 1988 B 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 1988 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer (excluding the BAN) 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 Series 1988 A and Series 1988 B 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.

Section 6.02. Application of BAN Proceeds; Pledge of Unexpended BAN Proceeds. From the moneys received from the sale of the BAN, the following amounts shall be deposited in the order set forth below:

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

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

C. The remaining moneys derived from the sale of the 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 6.02.

Section 6.03. Application of Series 1988 C and Series 1988 D Bonds Proceeds; Pledge of Unexpended Bond Proceeds. The entire proceeds of the Series 1988 C and Series 1988 D Bonds (except for any funding of capitalized interest on the Series 1988 C Bonds, as shall be determined by the Supplemental Resolution) shall be applied to payment of the principal of the BAN and any remaining proceeds shall be deposited in the Bond Construction Trust Fund. Upon such payment of the BAN, all moneys in the BAN Reserve Account shall be transferred to the Series 1988 C and Series 1988 D Bonds Reserve Account so as to satisfy the Reserve Requirements thereof, and all moneys in the BAN Sinking Fund shall be transferred to the Series 1988 C Bonds Sinking Fund.

Section 6.04. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

A. Except as provided in Section 6.04(B) hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the 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 1988 A Bonds Reserve Account, and the Series 1988 C Bonds Reserve Account, pro rata, in accordance with the respective principal amounts thereof, and, when fully funded, to the Series 1988 B Bonds Reserve Account, the Series 1988 D Bonds Reserve Account and the BAN Reserve Account, pro rata, and when all Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1988 B or Series 1988 D Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such portion of the Series 1988 B or Series 1988 D Bonds.

B. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1988 A and Series 1988 C Bonds, on a parity basis, and thereafter for the Series 1988 B Bonds, the Series 1988 D Bonds and the BAN, on a parity basis. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

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 and the BAN. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds and the BAN as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or BAN or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the BAN and the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the BAN and the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said BAN or Notes as prescribed in the Indenture; provided, that Section 7.03 and Section 7.09 shall not be applied to the Notes.

Section 7.02. Bonds, BAN and Notes not to be Indebtedness of the Issuer. Neither the Bonds, the BAN 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 Bond Legislation. No Holder or Holders of any Bonds, BAN or Notes, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds, BAN or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Each Series of Bonds. The payment of the debt service of the First Lien Bonds shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System on parity with each other. Payment of the debt service of the Subordinate Bonds and the BAN shall be secured forthwith equally and ratably by a lien on said Net Revenues on parity with each other, but junior and subordinate to the lien on said Net Revenues in favor of the Holders of the First Lien Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds, the BAN and the

Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered June 17, 1988 (Case No. 87-751-S-CN) and such rates are hereby adopted.

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 in accordance with Section 8.01 thereof. 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 Notes, following payment of the Bonds, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, 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 $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such

property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding 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, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Subordinate Bonds only may be issued as provided for in Section 7.07 hereof. All obligations

issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds or the Prior 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. SO LONG AS THE BAN ARE OUTSTANDING, THE ISSUER SHALL NOT ISSUE ANY OBLIGATIONS WHATSOEVER WITH A LIEN ON OR OTHERWISE PAYABLE FROM THE NET REVENUES WITHOUT FIRST OBTAINING THE WRITTEN CONSENT OF THE AUTHORITY TO SUCH ISSUANCE.

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

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Subordinate Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the First Lien Bonds, unless the Subordinate Bonds are no longer outstanding.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the

completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Prior Bonds and any other obligations with a lien on the Net Revenues prior to that of the 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 Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds

subsequently issued from time to time within the limitations of and in compliance with this section. Bonds 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.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bonds and the Prior 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 or the Prior Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation 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 Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the 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 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 Indenture 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 Bond Legislation.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the 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 Reserve Accounts and reserve accounts for obligations prior to or on a parity with the 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 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. In any event the Issuer shall not reduce the rates or charges for services set forth in the rate schedule described in Section 7.04.

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 or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the 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.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of

West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds 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 on a

100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. 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 Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

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

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the 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 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

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

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) 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 the Authority) which would adversely affect such exclusion.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds and the BAN, 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 the BAN and shall be for the equal benefit of all Holders of each respective series of Bonds and BAN, provided however, that the statutory mortgage lien in favor of the Holders of the First Lien Bonds shall be senior and prior to the statutory mortgage lien in favor of the Holders of the Subordinate Bonds and the BAN.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, if any, 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, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

Except as provided in the Indenture, if any, 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 Trustee, if any, 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 Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Trustee, if any, and 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, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records so long as any of the Bonds are Outstanding.

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Rebate of Excess Investment Earnings to the United States. A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Bond Legislation, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Bond Legislation, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on 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, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

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

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 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 Bond, 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 Bonds shall be determined based on the actual Yield of the Bonds during the period between the Closing Date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

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

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than $100,000.

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the address prescribed by the Regulations as the same may be 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 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. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with such rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, then the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge durings the Bond Year which would make the Bonds subject to rebate.

ARTICLE IX

DEFAULT AND REMEDIES

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

(1) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; 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.

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

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

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

C. Each of the following events shall constitute an "Event of Default" with respect to the BAN:

(1) If default occurs in the due and punctual payment of the principal of or interest on any BAN; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the BAN set forth in this Bond Legislation, any supplemental resolution or in the BAN, 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 BAN; 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 Note, Bond or BAN as the case may be, 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 Notes, Bonds or BAN, as the case may be, (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 Notes, Bonds or BAN as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes, Bonds or BAN, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders or holders of the BAN, and provided further, that all rights and remedies of the Holders of the Subordinate Bonds shall be subject to those of the Holders of the First Lien Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or BAN may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues

therefrom and the application thereof. If there be any Event of Default with respect to such Bonds or BAN, any Registered Owner of a Bond or BAN shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power, among other things, 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 the BAN and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and the BAN 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 or BAN shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds and the BAN. 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 construction, 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 BAN and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1988 A and Series 1988 C Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1988 A and Series 1988 C Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1988 A and Series 1988 C Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1988 A and Series 1988 C Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 A and Series 1988 C Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1988 A and Series 1988 C Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1988 A and Series 1988 C Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1988 A and Series 1988 C Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1988 A and Series 1988 C Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said

Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1988 B and Series 1988 D Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1988 B and Series 1988 D Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1988 B and Series 1988 D Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1988 B and Series 1988 D Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 B and Series 1988 D 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 such Series 1988 B and Series 1988 D 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 1988 B and Series 1988 D 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 said Series 1988 B and Series 1988 D 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 said Series 1988 B and Series 1988 D 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 said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of BAN. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all BAN, 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 Bond Legislation 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 BAN shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 10.04. Defeasance of Notes. 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 set forth in the Indenture, then with respect to the Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the 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 Prior Bonds, Notes or Bonds 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 any series of Bonds or Notes respectively, 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 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 gross income of the Holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds and Notes, 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, the Indenture, 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 Repealed. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof 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 the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a certificate of convenience and necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Ohio County Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The respective maximum amounts of the Bonds and Notes to be issued;

(b) The respective maximum interest rates and terms of the Bonds and the Notes originally authorized hereby;

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

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

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

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

Adopted this 28th day of September, 1988.

Chairman, Public Service Board

Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution adopted by the Public Service Board of Ohio County Public Service District on the 28th day of September, 1988.

Dated: September 30, 1988.

[SEAL]

Secretary, Public Service Board

09/29/88
OCPII2/3-A/A

"EXHIBIT A"

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

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1988 A and Series 1988 B
and
Bond Anticipation Notes, Series 1988

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1988 A AND SERIES 1988 B, AND BOND ANTICIPATION NOTES, SERIES 1988, OF OHIO COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING LOAN AGREEMENTS AND SUPPLEMENTAL LOAN AGREEMENTS RELATING TO SUCH BONDS AND SERIES 1988 C AND SERIES 1988 D BONDS OF THE ISSUER AND THE SALE AND DELIVERY OF SUCH BONDS AND BOND ANTICIPATION NOTES TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND BOND ANTICIPATION NOTES

WHEREAS, the public service board (the "Governing Body") of Ohio County Public Service District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective September 28, 1988 (the "Bond and Notes Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF OHIO COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 A, NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 B, NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 C, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE

BONDS, SERIES 1988 D, NOT MORE THAN $2,000,000 OF BOND ANTICIPATION NOTES, SERIES 1988, AND NOT MORE THAN $5,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS, BOND ANTICIPATION NOTES AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE, IF APPLICABLE, SECURING THE NOTES; APPROVING AND AUTHORIZING LOAN AGREEMENTS AND SUPPLEMENTAL LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH SERIES 1988 A BONDS, SERIES 1988 B BONDS, BOND ANTICIPATION NOTES AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond and Notes Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $4,500,000, to be issued in four series, the Series 1988 A Bonds to be in an aggregate principal amount of not more than $1,000,000 (the "Series 1988 A Bonds"), the Series 1988 B Bonds to be in an aggregate principal amount of not more than $500,000 (the "Series 1988 B Bonds"), the Series 1988 C Bonds to be issued in an aggregate principal amount of not more than $2,000,000 (the "Series 1988 C Bonds") and the Series 1988 D Bonds to be issued in an aggregate principal amount of not more than $1,000,000 (the"Series 1988 D Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1988 A Bonds dated September 30, 1988, and a supplemental loan agreement relating to the Series 1988 B Bonds, also dated September 30, 1988 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"); and the Bond and Notes Resolution also provides for the issuance of Bond Anticipation Notes, Series 1988, of the Issuer (the "BAN") in an aggregate principal amount not to exceed $2,000,000, all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond and Notes Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds and BAN should be established by a supplemental resolution pertaining to the Bonds and the BAN; and that other matters relating to the Bonds and BAN be herein provided for;

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

WHEREAS, the Series 1988 A and Series 1988 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement, and the BAN are proposed to be purchased by the Authority pursuant to a letter from the Authority dated September 30, 1988, relating to the purchase of the Series 1988 C and Series 1988 D Bonds.

WHEREAS, the Issuer wishes to authorize the issuance and delivery of the Series 1988 A Bonds, the Series 1988 B Bonds and the BAN at this time;

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Series 1988 A and Series 1988 B Bonds and the BAN be fixed hereby in the manner stated herein, and that other matters relating to the Series 1988 A and Series 1988 B Bonds and the BAN be herein provided for;

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

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

(A) The Sewer Revenue Bonds, Series 1988 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $694,925. The Series 1988 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall bear interest at the rate of 9.0% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1989, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1988 A Bonds, and shall be payable in

installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached to the Series 1988 A Bonds and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1988 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $173,731. The Series 1988 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1988 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached to the Series 1988 B Bonds and to the Supplemental Loan Agreement and incorporated therein by reference.

(C) The Sewerage System Bond Anticipation Notes, Series 1988, of the Issuer, originally represented by a single BAN, numbered R-1, in the principal amount of $1,164,129. The BAN shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall bear interest at the rate of 7 1/2% per annum, payable April 1 and October 1 of each year, commencing April 1, 1989, shall be subject to mandatory redemption by the Issuer at the price of 100% of the principal amount outstanding, plus interest accrued to the date of such redemption, within 15 days following notification of the Issuer by the Authority that it is prepared to purchase the Series 1988 C and 1988 D Bonds (or otherwise provide for redemption of the BAN), and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in the Schedule of Payments to be attached thereto or upon such earlier redemption.

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

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved.

The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds and the BAN 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 One Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby appoint The First National Bank & Trust Company of Wheeling, Wheeling, West Virginia, as Depository Bank under the Bond and Notes Resolution.

Section 7. Series 1988 A Bonds proceeds in the amount of $95,708 shall be deposited in the Series 1988 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1988 A Bonds proceeds in the amount of $64,798 shall be deposited in the Series 1988 A Bonds Reserve Account and Series 1988 B Bonds proceeds in the amount of $4,455 shall be deposited in the Series 1988 B Bonds Reserve Account.

Section 9. BAN proceeds in the amount of $128,263 shall be deposited in the BAN Sinking Fund, as capitalized interest.

Section 10. BAN proceeds in the amount of $92,806 shall be deposited in the BAN Reserve Account.

Section 11. The balance of the proceeds of the Bonds and BAN shall be deposited in the Bond Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds and the BAN, and repayment of any borrowings previously incurred for the Project.

Section 12. The Issuer hereby determines to pay, on the date of delivery of the Bonds and the BAN, and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, all temporary borrowings from West Virginia Water Development Authority.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds and the BAN hereby and by the Bond and Notes Resolution approved and provided for, to the end that the Bonds and the BAN may be delivered on or about September 30, 1988, to the Authority pursuant to the Loan Agreement.

Section 14. The financing of the Project in part with proceeds of the Bonds and the BAN is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. 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 and Notes Resolution in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund, until further directed by the Issuer.

Section 16. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or the BAN or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds or the BAN from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds or the BAN as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 28th day of September, 1988.

OHIO COUNTY PUBLIC SERVICE DISTRICT

James C. Boyd Jr.
Chairman

09/29/88
OCPII1-B

ALL-STATE LEGAL SUPPLY CO., ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

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").

Ohio 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

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.

Ohio County Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By James C Boyd Jr
Its Chair

Attest:

Its Secretary

Date: September 29, 1988

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By _____
Director

Attest:

_____
Secretary-Treasurer

Date: 9/30/88

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,

WDA-5X
(March 1988)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS - SERIES A

Principal Amount of Local Bonds $694,925.00

Purchase Price of Local Bonds $694,925.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 9.00 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

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

OHIO COUNTY PSD SEWER TOTAL BORROWING
ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER
----------1988 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	DEBT SERVICE
1988	9.00			
1989	9.00		62,716.98	62,716.98
1990	9.00	2,249	62,543.25	64,792.25
1991	9.00	2,451	62,340.84	64,791.84
1992	9.00	2,671	62,120.25	64,791.25
1993	9.00	2,912	61,879.86	64,791.86
1994	9.00	3,174	61,617.78	64,791.78
1995	9.00	3,459	61,332.12	64,791.12
1996	9.00	3,771	61,020.81	64,791.81
1997	9.00	4,110	60,681.42	64,791.42
1998	9.00	4,480	60,311.52	64,791.52
1999	9.00	4,883	59,908.32	64,791.32
2000	9.00	5,323	59,468.85	64,791.85
2001	9.00	5,802	58,989.78	64,791.78
2002	9.00	6,325	58,467.60	64,792.60
2003	9.00	6,894	57,898.35	64,792.35
2004	9.00	7,514	57,277.89	64,791.89
2005	9.00	8,190	56,601.63	64,791.63
2006	9.00	8,927	55,864.53	64,791.53
2007	9.00	9,730	55,061.10	64,791.10
2008	9.00	10,606	54,185.40	64,791.40
2009	9.00	11,561	53,230.86	64,791.86
2010	9.00	12,601	52,190.37	64,791.37
2011	9.00	13,735	51,056.28	64,791.28
2012	9.00	14,971	49,820.13	64,791.13
2013	9.00	16,319	48,472.74	64,791.74
2014	9.00	17,788	47,004.03	64,792.03
2015	9.00	19,388	45,403.11	64,791.11
2016	9.00	21,133	43,658.19	64,791.19
2017	9.00	23,035	41,756.22	64,791.22
2018	9.00	25,109	39,683.07	64,792.07
2019	9.00	27,369	37,423.26	64,792.26
2020	9.00	29,832	34,960.05	64,792.05
2021	9.00	32,517	32,275.17	64,792.17
2022	9.00	35,441	29,348.64	64,789.64
2023	9.00	38,633	26,158.95	64,791.95
2024	9.00	42,110	22,681.98	64,791.98
2025	9.00	45,900	18,892.08	64,792.08
2026	9.00	50,031	14,761.08	64,792.08
2027	9.00	54,534	10,258.29	64,792.29
2028	9.00	59,447	5,350.23	64,797.23
		694,925	1,894,673.01	2,589,598.01

TOTAL BORROWING 868,656.00

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.

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").

Ohio 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;

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 Projec , 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.

Ohio County Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By James C. Boyd Jr.
Its Chairman

Attest:

Date: 9/29/88

Daniel M. Dickinson Jr.
Its Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By Edgar N. Henry
Director

Attest:

Date: 9/30/88

Daniel B. Yankoski
Secretary-Treasurer

EXHIBIT A

LOAN AGREEMENT

Date: 9/30/88

Principal Amount of Local Bonds: $694,925

. 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,

WDA-Supp. 5X
(March 1988)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS - SERIES B

Principal Amount of Supplemental Bonds	$173,731.00
Purchase Price of Supplemental Bonds	$173,731.00

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference. The Supplemental Bonds bear no interest.

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

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

OHIO COUNTY PSD
ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER
----------1988 SERIES B BONDS ----------

	ZERO COUPON BONDS
1988	
1989	
1990	4,455.00
1991	4,455.00
1992	4,455.00
1993	4,455.00
1994	4,455.00
1995	4,455.00
1996	4,455.00
1997	4,455.00
1998	4,455.00
1999	4,455.00
2000	4,455.00
2001	4,455.00
2002	4,455.00
2003	4,455.00
2004	4,455.00
2005	4,455.00
2006	4,455.00
2007	4,455.00
2008	4,455.00
2009	4,455.00
2010	4,455.00
2011	4,455.00
2012	4,455.00
2013	4,455.00
2014	4,455.00
2015	4,455.00
2016	4,455.00
2017	4,455.00
2018	4,455.00
2019	4,455.00
2020	4,455.00
2021	4,455.00
2022	4,455.00
2023	4,455.00
2024	4,455.00
2025	4,455.00
2026	4,455.00
2027	4,455.00
2028	4,441.00
	173,731.00

WDA-Supp. 5Y-PSD Sewer
(March 1988)

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

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.

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 17th day of June, 1988.

CASE NO. 87-651-S-CN

OHIO COUNTY PUBLIC SERVICE DISTRICT,
public utility, Triadelphia, Ohio County.
Application for certificate of convenience
and necessity to construct and operate a
sanitary sewer system.

COMMISSION ORDER AFFIRMING ADMINISTRATIVE LAW JUDGE'S DECISION

PROCEDURAL HISTORY

On April 16, 1988, a Commission Administrative Law Judge (ALJ) entered a decision which granted the Applicant, Ohio County Public Service District, (Ohio County PSD or Applicant), a public utility, a certificate of convenience and necessity to construct and operate a sanitary sewer along the Short Creek water shed, including parts of Shawnee Hills, Table Rock Lane, Betty Zane, Hillcrest, G C & P Road, Route 88, Short Creek Road and North Fork of Short Creek, all commonly referred to as Phase IIB, provided, however, that the total project cost shall not exceed the projected cost of $7,624,653 and that the proposed interim and permanent financing are obtained.

The project will serve 730 customers, including a small portion of the Town of West Liberty through which it was necessary to run an interceptor to serve West Liberty State College. The total project cost is $7,624,653, which will be obtained through an Environmental Agency Protection Grant of $5,579,647, a WDA bond issue of $2,032,786 and subscription fees of $12,220. The rates which the Applicant is proposing for this project consist of a customer charge of $4.00 monthly plus $4.24 per thousand gallons of water usage for metered customers. Unmetered customers would pay a flat rate fee the equivalent of 4,100 gallons of usage or $21.38. The project has been reviewed and approved by the Department of Natural Resources. During the course of the hearing, the Commission Staff witnesses testified that the need for the project has been adequately demonstrated and recommended that the project be approved contingent upon the final financing being approved by the EPA and the WDA. This recommendation was made subject to reconsideration if West Liberty proved at the hearing that a complete and valid project can be submitted for review within two weeks of the hearing, which will serve the public interest of the majority of the customers better than the Applicant's project. At the hearing, no such proof was offered or was submitted during the period before the ALJ decision was entered approximately one month after the hearing.

During the ALJ hearing, the Intervenors moved to dismiss the application on three grounds. The first ground was that the Applicant failed to list the Town of West Liberty as a competing utility in this case. The second ground on which the Intervenors sought dismissal was that the Rule 42 Exhibit by the Applicant was amended. The final assertion was that the Applicant intends to serve a portion of West Liberty without obtaining a resolution from West Liberty. The ALJ addressed each of these grounds for dismissal and denied the motion.

On May 11, 1988, exceptions were received from the Town of West Liberty and the Sanitary Board of West Liberty (Town or Intervenors) alleging that the portion of the certificate application which would invade and serve West Liberty must be dismissed or denied and that the facts of this case support that the Intervenors should be allowed to serve the residents of West Liberty including West Liberty State College. The Intervenors further allege that they should be given the opportunity to present their own project within a 270 day period after the Applicant's filing. Intervenors move that the Commission set aside the decision and either grant the Intervenor's motion to dismiss or deny that portion of the certificate case relating to the Town of West Liberty and West Liberty State College. In the cover letter accompanying the exceptions and brief, the Intervenors requested that a hearing be scheduled before the Commission.

In its brief in support of its exceptions, the Intervenors allege that they desire to construct and operate their own sewer collection and treatment system which would serve the College, the new portal of Windsor Power House Coal Company, 292 residents in West Liberty and the West Liberty School District. However, they cannot proceed with a certificate case unless they prevail in the present case. Phase I of the plan, which will serve the College and the Windsor Power Mine portal, will be delivered within nine months of start-up, which the Intervenors allege is six months earlier than the Applicant claims it will serve the College. Phase II, the Town of West Liberty itself, would be delivered about eleven months after start-up, and ultimately a Phase III, all other residents of North Fork who live outside the Town's limits could be established. The rates proposed by the Town would be $2.56 per thousand gallons or approximately 60% of the rates of the Applicant. Also, the Town will provide for its sewer collection and treatment. By granting a certificate of convenience and necessity to the Applicant, the Intervenors allege that their due process rights have been violated and that the public is harmed because a less expensive sewer system could be in competition with the Applicant.

The Intervenors allege that the certificate as granted is in direct violation of W.Va. Code §16-13A-2, which provides that "no city, incorporated town or other municipal corporation shall be included within the boundaries of such proposed district except upon the adoption of a resolution of the governing body of such city, incorporated town or other municipal corporation consenting." The Intervenors allege that there can be no doubt that the Town has rejected any resolution approving either service or invasion by the Applicant and that the Town will not authorize the Applicant to enter its municipal limits. They further allege that any argument that Code

§16-13A-2 only relates to the creation of a public service district and not service to the municipality or that West Liberty was not a municipality at the time of the creation is also irrelevant and flies in the face of legislative intent for municipal preemption and avoidance of duplication of service.

The Town also alleges that its project offers the least expensive alternative for the College and that it would only take several weeks of replanning and would not jeopardize the financial security of the PSSD project should the Applicant's certificate be altered to exclude portions of the Town of West Liberty and the College. Finally, the Intervenors allege that the Commission should take into consideration that its plan is an innovative project for the Town of West Liberty and the State of West Virginia because it utilizes privatization, the design, construction and securing of funds from private sources.

On May 17, 1988, the Applicant filed a memorandum in opposition to the Intervenors exceptions alleging that it had no knowledge that the Intervenors were contemplating becoming a competing entity and that the Town had never been in the water or sewer business. Furthermore, since the Town received notice on January 4, 1988, the inconvenience to the Town was, at most, minimal. The Applicant also alleges that it has the authority to enter into the Town of West Liberty as part of this project because the territory being served by the project was included within the Applicant's service territory in 1958 and that no resolution is needed now.

DISCUSSION

The Commission will not revise, modify or reverse the Administrative Law Judge's decision unless the decision is contrary to the evidence, unsupported by the evidence, arbitrary, based on mistake of law, based on misapplication of legal principles or contrary to lawful Commission policy or practice. B&O Railroad v. Public Service Commission, 99 W.Va., 130 S.E. 131 (1925); Weirton Ice and Coal Supply Company v. Public Service Commission, 161 W.Va. 141, 240 S.E.2d 686 (1977); Virginia Electric and Power Co., v. Public Service Commission, 162 W.Va. 202, 242 S.E.2d 698 (1978); Preston County Light and Power Company v. Public Service Commission, 297 F.Supp. 759 (S.D. W.Va., 1969); Mac's Wrecking Service, Inc., M.C. Case No 3358 (1979).

The Commission is in agreement with the ALJ's determination that the language which was cited from Code §16-13A-2 applies only when a public service district is being created. As was stated in the ALJ's decision, the territory covered by this project was included within Ohio County PSD's boundaries when it was created in 1958. The Town of West Liberty was created in 1974, therefore West Liberty's consent is not required by the statute.

West Liberty, by quoting the previously cited passage from the statute in isolation, reads the statute incorrectly. Repeatedly the statute refers to the creation of a public service district. The passage cannot be read in a vacuum, rather the entire statute must be examined, Ohio County Commission v. Manchin, __W.Va.__ 301 S.E.2d 183

(W.Va. 1983). It is illogical to read the statute in such a way as to require a municipality's consent to a public service district within its boundaries when the public service district was in existence and operating years before the municipality was created. It is the duty of a Court and the Commission to avoid, whenever possible, construction of a statute which leads to an inconsistent, unjust or unreasonable result State ex rel. Simpkins v. Harvey, __W.Va.__, 305 S.E.2d 268 (W.Va. 1983).

The Commission further notes that construing the statute as West Liberty is requesting would result in retroactive application. A statute is presumed to operate prospectively unless a retroactive application is clearly expressed or is necessarily implied from the statute State ex rel. Manchin v. Lively, __W.Va.__, 295 S.E.2d 912 (W.Va. 1982); Shanholtz v. Monongahela Power Co., 165 W.Va. 305, 270 S.E.2d 178 (W.Va. 1980).

The Commission likewise denies the Intervenor's second exception that it be given additional time in which to develop an alternative service plan. West Liberty has had the opportunity and has not presented a complete and valid project for review which will serve the public interest better than the Applicant's project. They further have not entered into a contract or engineering agreement with the privatization company, no plans and specifications for other projects have been prepared or submitted to the Department of Health and no ordinance has been enacted to authorize the Town to construct a sewer system. Furthermore, the splitting of a utility's service territory as is proposed by the Town is a very serious step that would have to take into consideration a variety of factors beyond the short-term benefits of allegedly lower rates to a few of the utility's customers. Therefore, the additional time requested by the Town would extend beyond the time required for the development of an alternate plan. We have no reason to believe that the delay that would be caused in adjudicating the dissection of an existing utility's service terriitory is in the public interest.

FINDINGS OF FACT

1. Ohio County PSD has a plan for a sanitary sewer system that has the approval of the Department of Health, the Department of Natural Resources and the Commission Staff. The project also has proposed interim and permanent financing approved.

2. The Town of West Liberty and the Sanitary Board of West Liberty filed exceptions to the ALJ's decision which granted a certificate of convenience and necessity to Ohio County PSD, alleging that the Certificate invades West Liberty and that the facts of this case support that the Intervenors should be providing sewer service to the area in question.

3. West Liberty has not entered into a contract or engineering agreement with the privatization company, no plans and specifications for another project have been prepared or submitted to the Department of Health and no ordinance has been enacted to authorize the Town to construct a sewer system.

4. Deleting portions of West Liberty and the College from the Applicant's certificate would delay the project indefinitely and require the project to be redesigned.

CONCLUSIONS OF LAW

1. W.Va. Code §16-13A-2 only applies when a public service district is being created and is not applicable to the present case.

2. The evidence contained in the record and the exceptions is sufficient to determine the merits of the exceptions.

3. No meaningful allegations have been presented which would merit a revision, modification or reversal of the ALJ's decision.

4. The granting of a certificate of convenience and necessity to Ohio County PSD is reasonable.

ORDER

IT IS, THEREFORE, ORDERED that the Administrative Law Judge's decision shall be, and hereby is, affirmed.

IT IS FURTHER ORDERED that the Intervenor's request for hearing shall be, and hereby is, denied.

IT IS FURTHER ORDERED that the Executive Secretary shall serve a copy of this order upon all parties of record.

A TRUE COPY

TESTE:

ARC

Howard M. Cunningham,
Executive Secretary

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 17th day of June, 1988.

CASE NO. 87-651-S-CN

OHIO COUNTY PUBLIC SERVICE DISTRICT,
public utility, Triadelphia, Ohio County.
Application for certificate of convenience
and necessity to construct and operate a
sanitary sewer system.

COMMISSION ORDER AFFIRMING ADMINISTRATIVE LAW JUDGE'S DECISION

PROCEDURAL HISTORY

On April 16, 1988, a Commission Administrative Law Judge (ALJ) entered a decision which granted the Applicant, Ohio County Public Service District, (Ohio County PSD or Applicant), a public utility, a certificate of convenience and necessity to construct and operate a sanitary sewer along the Short Creek water shed, including parts of Shawnee Hills, Table Rock Lane, Betty Zane, Hillcrest, G C & P Road, Route 88, Short Creek Road and North Fork of Short Creek, all commonly referred to as Phase IIB, provided, however, that the total project cost shall not exceed the projected cost of $7,624,653 and that the proposed interim and permanent financing are obtained.

The project will serve 730 customers, including a small portion of the Town of West Liberty through which it was necessary to run an interceptor to serve West Liberty State College. The total project cost is $7,624,653, which will be obtained through an Environmental Agency Protection Grant of $5,579,647, a WDA bond issue of $2,032,786 and subscription fees of $12,220. The rates which the Applicant is proposing for this project consist of a customer charge of $4.00 monthly plus $4.24 per thousand gallons of water usage for metered customers. Unmetered customers would pay a flat rate fee the equivalent of 4,100 gallons of usage or $21.38. The project has been reviewed and approved by the Department of Natural Resources. During the course of the hearing, the Commission Staff witnesses testified that the need for the project has been adequately demonstrated and recommended that the project be approved contingent upon the final financing being approved by the EPA and the WDA. This recommendation was made subject to reconsideration if West Liberty proved at the hearing that a complete and valid project can be submitted for review within two weeks of the hearing, which will serve the public interest of the majority of the customers better than the Applicant's project. At the hearing, no such proof was offered or was submitted during the period before the ALJ decision was entered approximately one month after the hearing.

During the ALJ hearing, the Intervenors moved to dismiss the application on three grounds. The first ground was that the Applicant failed to list the Town of West Liberty as a competing utility in this case. The second ground on which the Intervenors sought dismissal was that the Rule 42 Exhibit by the Applicant was amended. The final assertion was that the Applicant intends to serve a portion of West Liberty without obtaining a resolution from West Liberty. The ALJ addressed each of these grounds for dismissal and denied the motion.

On May 11, 1988, exceptions were received from the Town of West Liberty and the Sanitary Board of West Liberty (Town or Intervenors) alleging that the portion of the certificate application which would invade and serve West Liberty must be dismissed or denied and that the facts of this case support that the Intervenors should be allowed to serve the residents of West Liberty including West Liberty State College. The Intervenors further allege that they should be given the opportunity to present their own project within a 270 day period after the Applicant's filing. Intervenors move that the Commission set aside the decision and either grant the Intervenor's motion to dismiss or deny that portion of the certificate case relating to the Town of West Liberty and West Liberty State College. In the cover letter accompanying the exceptions and brief, the Intervenors requested that a hearing be scheduled before the Commission.

In its brief in support of its exceptions, the Intervenors allege that they desire to construct and operate their own sewer collection and treatment system which would serve the College, the new portal of Windsor Power House Coal Company, 292 residents in West Liberty and the West Liberty School District. However, they cannot proceed with a certificate case unless they prevail in the present case. Phase I of the plan, which will serve the College and the Windsor Power Mine portal, will be delivered within nine months of start-up, which the Intervenors allege is six months earlier than the Applicant claims it will serve the College. Phase II, the Town of West Liberty itself, would be delivered about eleven months after start-up, and ultimately a Phase III, all other residents of North Fork who live outside the Town's limits could be established. The rates proposed by the Town would be $2.56 per thousand gallons or approximately 60% of the rates of the Applicant. Also, the Town will provide for its sewer collection and treatment. By granting a certificate of convenience and necessity to the Applicant, the Intervenors allege that their due process rights have been violated and that the public is harmed because a less expensive sewer system could be in competition with the Applicant.

The Intervenors allege that the certificate as granted is in direct violation of W.Va. Code §16-13A-2, which provides that "no city, incorporated town or other municipal corporation shall be included within the boundaries of such proposed district except upon the adoption of a resolution of the governing body of such city, incorporated town or other municipal corporation consenting." The Intervenors allege that there can be no doubt that the Town has rejected any resolution approving either service or invasion by the Applicant and that the Town will not authorize the Applicant to enter its municipal limits. They further allege that any argument that Code

§16-13A-2 only relates to the creation of a public service district and not service to the municipality or that West Liberty was not a municipality at the time of the creation is also irrelevant and flies in the face of legislative intent for municipal preemption and avoidance of duplication of service.

The Town also alleges that its project offers the least expensive alternative for the College and that it would only take several weeks of replanning and would not jeopardize the financial security of the PSSD project should the Applicant's certificate be altered to exclude portions of the Town of West Liberty and the College. Finally, the Intervenors allege that the Commission should take into consideration that its plan is an innovative project for the Town of West Liberty and the State of West Virginia because it utilizes privatization, the design, construction and securing of funds from private sources.

On May 17, 1988, the Applicant filed a memorandum in opposition to the Intervenors exceptions alleging that it had no knowledge that the Intervenors were contemplating becoming a competing entity and that the Town had never been in the water or sewer business. Furthermore, since the Town received notice on January 4, 1988, the inconvenience to the Town was, at most, minimal. The Applicant also alleges that it has the authority to enter into the Town of West Liberty as part of this project because the territory being served by the project was included within the Applicant's service territory in 1958 and that no resolution is needed now.

DISCUSSION

The Commission will not revise, modify or reverse the Administrative Law Judge's decision unless the decision is contrary to the evidence, unsupported by the evidence, arbitrary, based on mistake of law, based on misapplication of legal principles or contrary to lawful Commission policy or practice. B&O Railroad v. Public Service Commission, 99 W.Va., 130 S.E. 131 (1925); Weirton Ice and Coal Supply Company v. Public Service Commission, 161 W.Va. 141, 240 S.E.2d 686 (1977); Virginia Electric and Power Co., v. Public Service Commission, 162 W.Va. 202, 242 S.E.2d 698 (1978); Preston County Light and Power Company v. Public Service Commission, 297 F.Supp. 759 (S.D. W.Va., 1969); Mac's Wrecking Service, Inc., M.C. Case No 3358 (1979).

The Commission is in agreement with the ALJ's determination that the language which was cited from Code §16-13A-2 applies only when a public service district is being created. As was stated in the ALJ's decision, the territory covered by this project was included within Ohio County PSD's boundaries when it was created in 1958. The Town of West Liberty was created in 1974, therefore West Liberty's consent is not required by the statute.

West Liberty, by quoting the previously cited passage from the statute in isolation, reads the statute incorrectly. Repeatedly the statute refers to the creation of a public service district. The passage cannot be read in a vacuum, rather the entire statute must be examined, Ohio County Commission v. Manchin, __W.Va.__ 301 S.E.2d 183

(W.Va. 1983). It is illogical to read the statute in such a way as to require a municipality's consent to a public service district within its boundaries when the public service district was in existence and operating years before the municipality was created. It is the duty of a Court and the Commission to avoid, whenever possible, construction of a statute which leads to an inconsistent, unjust or unreasonable result State ex rel. Simpkins v. Harvey, __W.Va.__, 305 S.E.2d 268 (W.Va. 1983).

The Commission further notes that construing the statute as West Liberty is requesting would result in retroactive application. A statute is presumed to operate prospectively unless a retroactive application is clearly expressed or is necessarily implied from the statute State ex rel. Manchin v. Lively, __W.Va.__, 295 S.E.2d 912 (W.Va. 1982); Shanholtz v. Monongahela Power Co., 165 W.Va. 305, 270 S.E.2d 178 (W.Va. 1980).

The Commission likewise denies the Intervenor's second exception that it be given additional time in which to develop an alternative service plan. West Liberty has had the opportunity and has not presented a complete and valid project for review which will serve the public interest better than the Applicant's project. They further have not entered into a contract or engineering agreement with the privatization company, no plans and specifications for other projects have been prepared or submitted to the Department of Health and no ordinance has been enacted to authorize the Town to construct a sewer system. Furthermore, the splitting of a utility's service territory as is proposed by the Town is a very serious step that would have to take into consideration a variety of factors beyond the short-term benefits of allegedly lower rates to a few of the utility's customers. Therefore, the additional time requested by the Town would extend beyond the time required for the development of an alternate plan. We have no reason to believe that the delay that would be caused in adjudicating the dissection of an existing utility's service territory is in the public interest.

FINDINGS OF FACT

1. Ohio County PSD has a plan for a sanitary sewer system that has the approval of the Department of Health, the Department of Natural Resources and the Commission Staff. The project also has proposed interim and permanent financing approved.

2. The Town of West Liberty and the Sanitary Board of West Liberty filed exceptions to the ALJ's decision which granted a certificate of convenience and necessity to Ohio County PSD, alleging that the Certificate invades West Liberty and that the facts of this case support that the Intervenors should be providing sewer service to the area in question.

3. West Liberty has not entered into a contract or engineering agreement with the privatization company, no plans and specifications for another project have been prepared or submitted to the Department of Health and no ordinance has been enacted to authorize the Town to construct a sewer system.

4. Deleting portions of West Liberty and the College from the Applicant's certificate would delay the project indefinitely and require the project to be redesigned.

CONCLUSIONS OF LAW

1. W.Va. Code §16-13A-2 only applies when a public service district is being created and is not applicable to the present case.

2. The evidence contained in the record and the exceptions is sufficient to determine the merits of the exceptions.

3. No meaningful allegations have been presented which would merit a revision, modification or reversal of the ALJ's decision.

4. The granting of a certificate of convenience and necessity to Ohio County PSD is reasonable.

ORDER

IT IS, THEREFORE, ORDERED that the Administrative Law Judge's decision shall be, and hereby is, affirmed.

IT IS FURTHER ORDERED that the Intervenor's request for hearing shall be, and hereby is, denied.

IT IS FURTHER ORDERED that the Executive Secretary shall serve a copy of this order upon all parties of record.

A TRUE COPY

TESTE:

ARC

Howard M. Cunningham,
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: April 26, 1988

CASE NO. 87-651-S-CN

OHIO COUNTY PUBLIC SERVICE DISTRICT,
public utility, Triadelphia, Ohio County.
Application for certificate of convenience
and necessity to construct and operate a
sanitary sewer system.

ADMINISTRATIVE LAW JUDGE'S DECISION

PROCEDURE

On December 4, 1987, Ohio County Public Service District (hereinafter "OCPSD" or "District"), public utility, Triadelphia, Ohio County, filed a duly verified application for a certificate of convenience and necessity to construct and operate a sanitary sewer system along the Short Creek watershed, including Shawnee Hills, Table Rock Lane, Betty Zane, Hillcrest, G C & P Road, Route 88, Short Creek Road, and the North Fork of Short Creek, all commonly referred to as Phase IIB, Ohio County Consolidated Sewer Project. The District plans to finance this proposed construction with grants from the Environmental Protection Agency (EPA), the issuance of revenue bonds through the Water Development Authority (WDA), and the collection of tap fees.

By order of this Commission entered February 19, 1988, the Commission set this matter for hearing to be held in the Courtroom, West Virginia Independence Hall, 1528 Market Street, Wheeling, West Virginia, on Thursday, March 24, 1988.

The District was required to publish notice of the filing of its application and the time and place of hearing herein. On March 21, 1988, an Affidavit of Publication was filed herein indicating that notice was published as required on February 26, 1988 and on March 4, 1988, in the Wheeling News-Register, a newspaper published and of general circulation in Ohio County.

On March 18, 1988, the Town of West Liberty filed a written motion for continuance of the hearing scheduled for March 24, 1988. This motion was supported by Staff counsel. By Procedural Order issued March 22, 1988, the motion for continuance was denied.

The hearing was held as scheduled on March 24, 1988, at 9:30 a.m., EST. The Ohio County Public Service District appeared by John Preston Bailey, Esq., and Cheryl Dean Riley, Esq., its Counsel. The Public Service Commission was represented by Mark Thessin, Esq., of its Legal Division. Appearing as Staff members in this proceeding were Charles Knurek, Utility Financial Analyst, and Dina B. Foster, Utility Engineer. Also appearing at the hearing and granted Intervenor status was the Town of West Liberty, which appeared by Lee F. Feinberg, Esq., and Mark E. Vieweg, Esq., its Counsel.

Testimony was taken and evidence introduced, at the close of which this matter was submitted pending the receipt of proposed orders and/or memoranda of law. The Applicant, by counsel, filed a proposed order on April 22, 1988. The Town of West Liberty, by Counsel, filed a brief on April 21, 1988.

At the hearing, the Intervenor moved to dismiss the application herein on three grounds. First, that the District failed to list the Town of West Liberty as a competing utility in this case, in violation of the

Commission's statues and regulations. Second, that the Rule 42 Exhibit was amended on March 18, 1988. Third, that the District intends to serve a portion of the Town of West Liberty without obtaining a resolution from the Town.

With regard to the first allegation, the Administrative Law Judge notes that West Virginia Code §24-2-11, governing applications for a certificate of convenience and necessity, does not require the identification of competing utilities. This requirement is a creature of Rule 10(c) of the Rules of Practice and Procedure of the Public Service Commission, which requires an application to contain "the names of all public utilities, corporations or persons with whom the proposed new construction . . . is likely to compete, . . ." In this case, the Town of West Liberty is not presently operating a sewer utility. It has only expressed a desire to embark upon that business. Furthermore, the record does not contain any evidence that the District was aware of the Town's desire to construct a sewer facility serving West Liberty State College at the time the application was filed. The Town has not registered its proposed project with the State clearing-house, one purpose of which is to prevent duplication of projects. Accordingly, the District did not violate Rule 10(c).

Even if the District were to be found in violation of Rule 10(c), the error is harmless. Notice of the prefiling of the certificate was given beginning October 2, 1987, and notice of filing was given January 5, 1988. The Town of West Liberty filed a formal objection to the application on January 12, 1988. Since the Town filed its objection within one week after the notice of filing, it cannot be said to have been prejudiced by the District not listing it as a competing utility.

With respect to the amendment to the Rule 42 document, the record shows that the amendments were necessitated by the fact that the construction bids came in below estimate and the fact that the WDA grant was lost. (Tr., p. 160). Inasmuch as these events occurred after the filing of the application, amendment was required. In addition, since none of the other data was altered, the Town was not prejudiced by the changes. (Tr., p. 162).

Finally, with respect to the Town's assertion that the District was required to obtain a resolution from the Town of West Liberty before the system is installed, the Administrative Law Judge can find no support in the law for this assertion. The only section of the West Virginia Code even tangentially related to this issue is West Virginia Code §16-13A-2, which requires a resolution from an incorporated town giving its consent before a town may be included within the boundaries of a public service district. This section is not applicable to this case since the territory covered by this project was included within the Ohio County Public Service District boundaries when the same was created in 1958. Since the Town of West Liberty was not created until 1974, no authority was needed to include the area within the District. In fact, the District has been providing water service to the area now encompassed in the Town since 1963.

For these reasons, the Intervenor's motion to dismiss will be denied.

DISCUSSION OF THE EVIDENCE INCLUDING FINDINGS OF FACT

The exhibits tendered and accepted into evidence are as follows:

Applicant's Exhibits No. 1A-1E - Plan drawings for the project.

Applicant's Exhibits No. 2A-2B - Contract specification books for the project.

Applicant's Exhibit No. 3	- Letters from Department of Natural Resources approving plans and specifications, dated December 10, 1987.
Applicant's Exhibit No. 4	- Engineering report dated September 23, 1987.
Applicant's Exhibit No. 5	- Sewerage study for the Town of West Liberty and West Liberty State College dated March 25, 1986.
Applicant's Exhibit No. 6	- Comment letter from Department of Natural Resources to Town of West Liberty dated October 30, 1986.
Applicant's Exhibit No. 7	- Letter from Mike Johnson, DNR, to Mayor of West Liberty dated April 18, 1986.
Applicant's Exhibit No. 8	- Rule 42 Exhibit dated March 18, 1988.
Applicant's Exhibit No. 9	- Exhibit comparing cost of project with 1977 project.
Applicant's Exhibit No. 10	- Letter dated March 24, 1988, from First National Bank of Wheeling to District regarding line of credit.
Applicant's Cross-Examination Exhibit No. 1	- Resolution of the Town of West Liberty dated April 30, 1982.
Intervenor's Exhibit No. 1	- Letter dated March 22, 1988, from Clyde D. Campbell to Lee Bonar.
Intervenor's Exhibit No. 2	- Letter dated December 17, 1987, from West Virginia Department of Health to Lee D. Bonar.
Intervenor's Exhibit No. 3	- Resolution of the Town of West Liberty dated May 13, 1984.
Intervenor's Exhibit No. 4	- Engineering Science brochure.
Intervenor's Exhibit No. 5	- Waste water treatment study dated August, 1986, by Johnson B. McKinley.

Intervenor's Exhibit No. 6	- Revised project estimate - Phase I - Town of West Liberty dated March 8, 1988.
Staff Exhibit No. 1	- Engineering comments and recommendations.
Staff Exhibit No. 2	- Memorandum dated March 22, 1988, from Utility Financial Analyst Charles Knurek.

The first witness to testify in support of the application was Richard Naret. Mr. Naret is a professional Engineer licensed by the State of West Virginia and is employed by Cerrone & Associates which planned and designed the Phase IIB sewer system. (Tr., p. 26).

Mr. Naret testified that the plans and specifications prepared by Cerrone & Associates for this project and admitted into evidence as Exhibits 1A-1E and 2A-2B, have been approved by the Department of Natural Resources. The project as submitted will serve 730 customers in the North Fork of Short Creek Road, Betty Zane, Hillcrest, G C & P Road, Route 88, Shawnee Hills, Table Rock Lane, Longview, and Glen's Run areas of Ohio County. The project does include service to West Liberty State College and a small portion of the Town of West Liberty through which it was necessary to run an interceptor to get to the College. (Tr., pp. 33-35).

The technology used in the proposed system is a combination of gravity systems. Cerrone & Associates has participated in the design and construction of systems using these technologies in the past, and all three are currently in use by the District. (Tr., pp. 35, 42).

Mr. Naret explained that the estimated construction cost for the project was $6,511,500, but that actual construction bids totalled only $5,582,337. The total project cost is $7,624,653 which will be obtained through (1) an EPA grant of $5,579,647, (2) a WDA bond issue of $2,032,786, and (3) subscription fees of $12,220. The loan or bond portion of the

financing requires debt service of $171,850 with a ten percent (10%) cover of $17,185. (Tr., pp. 37-38).

Mr. Naret also discussed certain expenses built into the budget of the project. An annual amount of $181,761 is budgeted for operation and maintenance. Mr. Naret also noted that the amounts budgeted for operation and maintenance of the prior two District sewer projects have not been exceeded by the actual cost. Also included in the annual budget is $22,500 for renewal and replacement, which is sufficient to replace all the pumps, valves and other components every ten years. One and one-half (shared with the water system) employees are budgeted at an annual cost of $34,278, which includes fringe benefits and payroll taxes. An allowance of $11,250 has been made to cover the cost of future connections. (Tr., pp. 38-40, 43).

Mr. Naret stated that the rates which the District proposes for this project consist of a customer charge of $4.00 plus $4.24 per thousand gallons of water usage for metered customers. Unmetered customers would pay the equivalent of a 4,100 gallon usage or $21.38. (Tr., p. 40).

Mr. Naret also testified that planning and designing the system required observation of field conditions, and based upon these observations, there is a need for public sewerage in the project area. (Tr., pp. 41-42).

Mr. Naret testified that based upon his engineering expertise, the proposed project will adequately serve the sewerage need of the area, is adequately financed, and is economically feasible. (Tr., p. 41).

On cross-examination, Mr. Naret noted that there is $75,100 budgeted into the rate to cover the cost of treating the sewage by the City of Wheeling. Mr. Naret stated that the District has a 40-year contract with

the City, with a special formula used to determine the cost. The cost is not tied to the normal customer charge of the City and therefore will not be significantly affected by the recent sewer rate increase enacted by the City of Wheeling. (Tr., pp. 52-55).

At the request of the Staff Attorney, Mr. Naret compared the costs of this project with an early all gravity project which was bid in 1978, but not ultimately constructed. Mr. Naret was able to identify the area of the prior project comparable to Phase IIB and found the 1978 bids to have totalled $9,014,751. Mr. Naret then updated the cost to 1988 equivalents using the Engineering New Record Construction Cost Index and found the 1978 bid updated to 1988 to be $14,630,941. Of course, the bids for the proposed project totalled $5,582,337. (Tr., pp. 74-76; Applicant's Exh. No. 9).

Finally, Mr. Naret testified that the system was built with standby generators, duality of all pumps, and an automatic telephone dialing system which contacts District employees in the event of a fault in the system. (Tr., pp. 103-104).

The next witness to testify on behalf of the District was Mike Johnson, head of the Construction Grants Branch, Division of Water Resources, West Virginia Department of Natural Resources. Mr. Johnson reported that the Department of Natural Resources reviewed and approved the plans and specifications for the IIB sewer project. Mr. Johnson stated that a grant increase of $1,000,000 will be necessary to fund the project, that such funds are available, and that the Department of Natural Resources anticipates making the grant increase in the near future. (Tr., pp. 105-106).

Mr. Johnson also testified that the Department of Natural Resources is of the opinion that there is a need for the project, that the proposed

system will adequately serve the needs of the area, and that the project is economically feasible. (Tr., p. 107).

Mr. Johnson then discussed a study performed by the Water Resources Division concerning the various proposals for the Town of West Liberty and West Liberty State College, for which a report was produced dated March 25, 1986. The study examined three options for serving the West Liberty area, (1) the Town and College becoming part of the District's project, (2) upgrading the College's existing treatment plan to serve the Town and College, and (3) to build a new treatment plant at the old Windsor Power property to serve the College and Town. Since the latter two options would result in the treated sewage being discharged into the local stream, which is very small, the effluent would have to be treated with an advanced treatment facility. The study found that either of the latter options would have to meet the requirements of Reliability Class I, the most stringent reliability. Reliability Class I requires duality of major components, including primary clarifier, secondary clarifiers, sewage pumps, and power sources. (Tr., 109-112).

The Department of Natural Resources study estimated user charges for each option. For the District option, a charge of $21.50 per month was estimated. For the second and third options, a $750,000 grant was assumed. For option 2 (upgrading the College's plant) a monthly charge of $30.97 was estimated, while for option 3 (Windsor Power Plant) a monthly charge of $33.32 was estimated. (Tr., pp. 112-113; Applicant's Exh. No. 5).

Mr. Johnson stated that the conclusion of the study was that the Town and the College would be better served by remaining with the District project. (Tr., pp. 113-114).

Although counsel for West Liberty questioned whether the Department of Natural Resources ever disclosed the results of the study to the Town, Applicant's Exhibit No. 7 establishes that a copy of the report was transmitted to the Mayor by Mr. Johnson on April 18, 1986.

Mr. Johnson also noted that an engineering study was submitted to the Department of Natural Resources by the engineer for the Town of West Liberty. By letter dated October 30, 1986, the Department of Natural Resources issued a comment letter with a request for the Town to respond. No response was had until August, 1987, when a letter response was received which did not sufficiently answer the Department of Natural Resources' concerns. The Department of Natural Resources comment letter also noted that Reliability Class I would have to be achieved and that the lagoon at Windsor Power Plant would have to be cleaned and lined. (Tr., pp. 115-117).

Counsel for the District then reported that Mr. Larry Lewis of the Ohio County Health Department was prepared to testify concerning the need for sewage in the IIB service area. It was agreed among counsel, however, that need for the project was not an issue, so Mr. Lewis was excused. (Tr., p. 155).

The next witness to testify was Thadd Obecny, a licensed Certified Public Accountant with the firm of Griffin, Edelman, Glatz & Obecny. Mr. Obecny was the author of the Rule 42 Exhibit dated March 18, 1988. Mr. Obecny testified that the exhibit was prepared in accordance with the Public Service Commission's rules for accounting and with generally accepted accounting principles. Mr. Obecny noted that most of the operation and maintenance costs were supplied by the engineer and reviewed by the accountants for reasonability and compared to actual costs. Mr. Obecny testified

that the expenses supplied by the engineers were reasonable in his estimation and judgment, and that the engineer's estimates in prior cases were close to those actually incurred. (Tr., pp. 156-159).

The accountant further noted that the Rule 42 Exhibit was amended to reflect the actual bids received and the loss of a WDA grant, but that there were no other changes. (Tr., pp. 160-162).

The final District witness was OCPSD Manager Ed Clifford who reported that the District currently operates two sewer systems utilizing vacuum and grinder pump technology. The reliability of both the vacuum and grinder pump systems has been very good. Mr. Clifford noted that the rate structure proposed for this project is the same as that in effect for Phase IIA and that he noted no extraordinary difficulty in customers paying their bills. It is Mr. Clifford's experience that in prior projects operation and maintenance expenses have proved to be a little lower than those budgeted by the engineer. (Tr., pp. 170-172).

The first witness for the Town of West Liberty was its Mayor, Lee Bonar, who reported that the Town of West Liberty was proposing a three phase system, with Phase I being the renovation of the Windsor Power treatment plant and installation of service to West Liberty State College and the new Windsor Power mine portal, but service only to approximately thirteen Town residents. Phase II would serve the remainder of the Town residents, with Phase III being service to residents of North Fork of Short Creek Road. This project is to be built through a privatization company. (Tr., pp. 212, 217-218).

Although Mr. Bonar testified that the Town had never given the OCPSD authority to do anything more than conduct a feasibility study, the resolution of the Town Council dated April 30, 1982, and in evidence as

Applicant's Cross-Examination Exhibit No. 1, shows that the Town delegated authority to the District "to construct, operate and maintain a system of sanitary sewers within the corporate limits of the Town." On May 13, 1984, the Town Council passed a resolution rescinding the resolution of April 30, 1982. (Tr., pp. 211, 212, 225, 251).

Mayor Bonar admitted that the Town had not yet entered into a contract or engineering agreement with the privatization company, no plans and specifications for the project have been prepared or submitted to the Department of Health, and no ordinance has been enacted authorizing the Town to construct a sewer system. In fact, the only engineering reports prepared are those submitted into evidence as Intervenor's Exhibit Nos. 5 and 6. (Tr., pp. 221, 228, 241).

Mayor Bonar also stated that the reason the Town sought privatization of the sewer project was that no grant funds were available. Although the Town had an oral commitment for a $750,000 Housing and Urban Development grant, no written commitment was issued and the grant was withdrawn in 1985. (Tr., pp. 229-231).

Under the proposed Town project, the Town would purchase the plant from Engineering Science, would operate the plant and be responsible for all operation and maintenance expenses and billing. Phase I of the project is anticipated to cost $800,000 to $900,000, with Phase II expected to cost $1,000,000. It is the Mayor's understanding that the rate to be charged on both phases is $2.42 per thousand gallons of water used. (Tr., pp. 235, 244, 254).

The next witness testifying on behalf of the Town was Michael Sweet, a professional Engineer with Engineering Science, a privatization company which has constructed numerous large waste treatment facilities. Mr. Sweet

again described the project as taking place in two or three phases with Phase I being the renovation of the plant with service to the College and new mine portal, Phase II being service to the Town, and Phase III, upon which no feasibility analysis has been performed, to serve the North Fork of Short Creek Road. (Tr., pp. 254, 259, 289).

Mr. Sweet anticipates rates of $2.42 per thousand gallons per month for both of the first two phases. In coming to this conclusion, Mr. Sweet used the cost estimates contained in Intervenor's Exhibit Nos. 5 and 6, both of which reports were prepared by Mr. Johnson B. McKinley. The only investigation performed by Mr. Sweet personally was to walk the treatment plant site and to drive up and down some of the streets with the Mayor. (Tr., pp. 261-262, 274-275, 281).

Mr. Sweet also reported that no financing is in place for the Town project. (Tr., p. 278).

Mr. Sweet also noted that the lagoon is not lined, as required by the Department of Natural Resources, and that no investigation has been performed to determine whether the lagoon is in the flood plain of the North Fork of Short Creek. (Tr., p. 276).

Under the proposed plan, the Town will be responsible for all operation and maintenance expenses and for obtaining all necessary easements and rights-of-way. (Tr., pp. 271, 277).

Under cross-examination from Staff counsel, Mr. Sweet admitted that the revenues were at least $58,000 short of covering the project and operation costs, when Phase II is included. Mr. Sweet then stated that one option is the Town obtaining a grant to cover the cost of construction. One other option is to absorb the $58,000 plus annual shortfall. Mr. Sweet

stated that it takes from six months to a year to apply for a grant. (Tr., pp. 284, 285, 297).

The final Town witness was Johnson B. McKinley, a professional Engineer who prepared Intervenor's Exhibit Nos. 5 and 6 for the Town. On cross-examination, Mr. McKinley admitted that there is no cost in his operation and maintenance projections for (1) cost of obtaining easements, (2) accounting or billing, (3) postage, (4) property insurance, (5) liability insurance, and (6) renewal and replacement. Although Mr. McKinley stated that no easements are needed in that area, an examination of the area as shown on the project maps of the District (Applicant's Exh. No. 1) shows that some easements will be required. Mr. McKinley also noted that as the project is planned, the coal company will be required to run its own line, at its own cost, over the property of others, to the intersection of Route 88 and North Fork of Short Creek Road, a distance estimated from one to two miles. (Tr., pp. 301-303, 239).

After Mr. McKinley's testimony the Staff memorandum of Dina B. Foster, Staff Utility Engineer, and the Staff memorandum of Charles Knurek, Utility Financial Analyst, were admitted into evidence as Staff's Exhibit Nos. 1 and 2, respectively.

The Staff engineer's report, dated March 23, 1988, notes that the need for the project has been adequately demonstrated, that the plans and specifications have been approved by the Department of Natural Resources, and that no obvious conflict with Commission rules and regulations were revealed. Ms. Foster further noted that the operation and maintenance expenses projected by the District's engineer seem reasonable, as do the renewal and replacement account, allowance for future connections, and provisions for spare parts.

Ms. Foster's final recommendation was that the project be approved contingent upon the final financing being approved by the WDA and EPA. Ms. Foster made this recommendation subject to reconsideration if West Liberty proved at the hearing that a complete and valid project can be submitted for review within two weeks of the hearing which will serve the public interest of the majority of the customers better than the OCPSD project. At the hearing the Town offered no such proof, and although more than four weeks elapsed since the hearing, no competing project has been submitted.

The report of Mr. Knurek, Utility Financial Analyst, made a recommendation that the District's project be approved as follows:

1. That project financing be approved as proposed so long as the WDA loan has an interest rate less than or equal to 8%.

2. That the interim grant anticipation note financing be approved. Mr. Knurek also recommended that the District obtain a bank line of credit as a backup source of interim financing with an interest rate not to exceed 12%. As shown by Applicant's Exhibit No. 10, First National Bank of Wheeling, the District has obtained a commitment for a $1,000,000 line of credit at an interest rate of $8.25%.

3. That the Staff recommended tariff, including a multiple occupancy clause, be approved. The District has stipulated its agreement with the multiple occupancy clause addition.

4. That the District establish an interest bearing account for the renewal and replacement reserve and the District deposit $10,740 per year in the account.

5. That the District establish an interest bearing account for the reserve for future connections and that the District deposit $11,215 per year in the account.

6. That the District be required to file a monthly project cash flow summary.

7. That after one year of operation of the IIB project, the District be required to submit to Staff sufficient financial data to illustrate the adequacy or inadequacy of the sewer rate and to illustrate the allocation of shared expenses.

Mr. Knurek stated that these recommendations were contingent upon the Town of West Liberty failing to supply Staff with sufficient and complete data to judge their project within one to two weeks of the hearing. As noted above, more than four weeks have elapsed and no such data has been supplied.

FINDINGS OF FACT

The Administrative Law Judge (ALJ) is of the opinion and finds that:

1. On December 4, 1987, Ohio County Public Service District filed an application for a certificate of convenience and necessity to construct, operate and maintain a sanitary sewer system along the Short Creek watershed, including Shawnee Hills, Table Rock Lane, Betty Zane, Hillcrest, G C & P Road, Route 88, Short Creek Road, and the North Fork of Short Creek, all commonly referred to as Phase IIB, Ohio County Consolidated Sewer Project. (See, Application).

2. The soil in the area sought to be served is not suited for the use of private septic tank systems and in many cases the means of sewage disposal consists of a pipe which discharges raw sewage directly into streams. (Applicant's Exh. No. 4).

3. The plans and specifications for the proposed waste water collection facilities were prepared by Cerrone & Associates, Inc., and have been approved by the West Virginia Department of Natural Resources. (Tr., pp. 30-35).

4. The proposed system will serve approximately 730 customers. (Tr., p. 35).

5. The proposed waste water collection facilities will consist, generally, of 13.9 miles of vacuum sewers, 3.2 miles of pressure sewers, 3.5 miles of gravity sewers, 8.1 miles of force main, 3 vacuum stations, 2 grinder pump lift stations, 1 lift station, 1 dosing station, 236 vacuum valves, 7 dual vacuum valves, and 127 grinder pumps. (Applicant's Exh. No. 4).

6. The total cost of the project, based on low bids, is estimated at $7,624,653, and will be financed by an Environmental Protection Agency grant of $5,579,647, a Water Development Authority bond issue of $2,032,786 and tap fees of $12,220. (Tr., pp. 37-38; Staff's Exh. No. 2).

7. Interim financing will be provided by the issuance of Grant Anticipation Notes (GANs). If at the time of financing GANs are not in the District's best interest, it will then rely upon a $1,000,000 line of credit with the First National Bank of Wheeling. (Applicant's Exh. No. 10; Staff's Exh. No. 2).

8. The proposed rates and charges, as recommended by Staff, consist of a customer charge of $4.00 and a usage charge of $4.24 per thousand gallons of water usage for metered customers. Unmetered customers should pay the equivalent of 4,100 gallons usage or $21.38. (Tr., p. 40).

9. A copy of the proposed rates and charges are attached hereto as Appendix B.

10. A cash flow analysis for the first year of operation reflects that the proposed rates and charges should generate $360,289 in operating revenues and will provide surplus revenue of $4,229 and coverage of 120%, after payment of operating and maintenance expenses and taxes totalling

$166,996, principal and interest on the proposed bonds of $171,850 and providing $30,962 for special reserves and plant additions. (See, Appendix A, attached hereto).

11. The Town of West Liberty proposes a three phase sanitary sewer system to be built through a privatization company, with Phase I being the renovation of the Windsor Power treatment plant and installation of service to West Liberty State College and the new Windsor Power mine portal. Phase II would serve the remainder of the Town residents, with Phase III being service to residents of North Fork of Short Creek Road. (Tr., pp. 212, 217-218).

12. The Town has not yet entered into a contract with the privatization company, and no plans and specifications for the project have been prepared or submitted to the Department of Health or the Commission. (Tr., pp. 221, 228, 241).

13. Phase I of the project proposed by the Town is anticipated to cost $800,000 to $900,000, with Phase II expected to cost $1,000,000. The Town proposes a user rate of $2.42 per thousand gallons of water used. (Tr., pp. 235, 244, 245).

CONCLUSIONS OF LAW

The ALJ is of the opinion, finds and concludes that:

1. For the reasons stated in the procedure section of this order, the Intervenor's motion to dismiss is denied.

2. The Town of West Liberty has failed to show that it has a viable project to serve the residents of the Town and West Liberty State College. No data on serving the Town residents was submitted, no engineering contract signed, no plans and specifications prepared, and no financing is in

place. Furthermore, in order to maintain the rate the Town projects, some type of grant financing will be needed, financing which would take from six months to a year to obtain.

3. The engineering exhibits and testimony taken at hearing indicate that there is a need for the District's project.

4. The exhibits submitted and testimony taken at hearing indicate that the District's project is adequately financed and economically feasible.

5. The Applicant's permanent and interim financing arrangements are reasonable and should be approved.

6. The public convenience and necessity require that a certificate of convenience and necessity be issued unto the Applicant, Ohio County Public Service District, to construct, maintain and operate a sanitary sewer system along the Short Creek watershed, including Shawnee Hills, Table Rock Lane, Betty Zane, Hillcrest, G C & P Road, Route 88, Short Creek Road, and North Fork of Short Creek Road, all commonly referred to as Phase IIB, Ohio County, as the same is more fully described in the plans and specifications on file with this Commission.

7. The rates, charges and regulations contained in Appendix B, attached hereto, are just and reasonable and should provide revenue sufficient, but not more than sufficient, to allow the Applicant to pay its reasonable and necessary operating expenses and taxes, provide adequate coverage for unforeseen expenses, and provide adequate service to its customers.

8. The Applicant should adopt Staff's Financial Recommendations Nos. 4 and 5, concerning the establishment of interest bearing accounts.

9. The Applicant should submit to Staff the data requested in Staff's Financial Recommendation Nos. 6 and 7, when appropriate.

ORDER

IT IS, THEREFORE, ORDERED that:

1. The Intervenor's motion to dismiss be, and the same hereby is, denied.

2. The Applicant, Ohio County Public Service District, a public utility, be, and it hereby is, granted a certificate of convenience and necessity to construct and operate a sanitary sewer system along the Short Creek watershed, including parts of Shawnee Hills, Table Rock Lane, Betty Zane, Hillcrest, G C & P Road, Route 88, Short Creek Road, and North Fork of Short Creek Road, all commonly referred to as Phase IIB, Ohio County, as the same is more fully described and detailed in the plans and specifications on file with this Commission, provided, however, that the total project cost shall not exceed the projected cost of $7,624,653, and that the proposed interim and permanent financing, as herein described, are obtained.

3. The financing arrangements of the District, including interim and permanent financing, are approved.

4. The Applicant, Ohio County Public Service District, is hereby authorized to place into effect the rates, charges, rules and regulations contained in Appendix B, attached hereto, for sewer service provided in the service area covered by this application, on or after the date the project is completed.

5. The Applicant shall file with the Commission a tariff within sixty (60) days of the date of this order, setting forth the rules and

regulations, rates and charges, and other tariff provisions approved herein.

6. The Applicant shall adopt Staff Recommendations Nos. 4 and 5, as contained in Staff Exhibit No. 2, concerning the establishment of interest bearing accounts.

7. The Applicant shall adopt Staff Recommendations Nos. 6 and 7, as contained in Staff Exhibit No. 2.

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

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

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

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

Commission sooner than five (5) days after approval of such waiver by the Commission.

Maynard D. McDonnell
Administrative Law Judge

McD:dfs

APPENDIX A

OHIO COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 87-651-S-CN

CASH FLOW ANALYSIS

Cash Available:	
Operating Revenues	$360,289
Interest Income	13,748
Total Cash Available	374,037
Cash Requirements:	
Operation and Maintenance Expenses	164,333
Taxes	2,663
Subtotal	166,996
Cash Available for Debt Service (A)	207,041
Debt Service Requirement:	
Principal and Interest (B)	171,850
Cash Available for Special Reserves, Plant Additions and Surplus:	35,191
WDA Renewal and Replacement Reserve	9,007
Innovative and Alternative Renewal and Replacement Reserve	10,740
Innovative and Alternative Future Connection Reserve	11,215
Debt Service Reserve (Prefunded)	0
Subtotal	30,962
Surplus:	$ 4,229
Coverage (A ÷ B)	120%

APPENDIX B

OHIO COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 87-651-S-CN

RATES

Applicability

Applicable within territory served.

Availability

Available for residential and commercial service.

Customer Charge

$4.00 per month per metered customer.

Rate

$4.24 per thousand gallons of metered water usage per month.

Minimum Charge

No bill will be rendered for metered service for less than $4.00 per month.

Unmetered Charge

$21.38 per month.

Multiple Occupancy

For unmetered trailer parks the monthly charge for services shall be equal to the number of units multiplied by the unmetered charge provided above.

Delayed Payment Penalty

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

Connection Fee

Prior to completion of construction adjacent to customer's property - $25.00.

After completion of construction adjacent to customer's property - $200.00

STATE OF WEST VIRGINIA

At a Regular Term of the Supreme Court of Appeals continued and held at Charleston, Kanawha County, on the 13th day of September, 1988, the following order was made and entered.

Town of West Liberty, Petitioner

vs.

Public Service Commission and
Ohio County Public Service
District, Respondents

Upon an appeal from, suspension and review of the final order of the Public Service Commission of West Virginia made and entered on June 17, 1988.

The Court having maturely considered the petition, the statement of reasons for the entry of its order filed herein by the respondent, Public Service Commission of West Virginia on the 8th day of September, 1988, the oral argument of counsel upon the aforesaid petition, and the amicus curiae briefs filed herein; is of opinion that the petitioner, the Town of West Liberty, has not shown it is entitled to the relief prayed for in its said petition. It is therefore considered and ordered that the prayer of the petitioner for an appeal from, suspension and review, in this proceeding, be, and the same is hereby denied. Chief Justice McHugh and Justice Brotherton would grant.

A True Copy

Attest _____
Clerk, Supreme Court of Appeals

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1988 A and Series 1988 B
and
Sewerage System Bond Anticipation Notes, Series 1988

CROSS-RECEIPT FOR BONDS AND BAN AND PROCEEDS THEREOF

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and James C. Boyd, Jr., Chairman of Ohio County Public Service District (the "Issuer"), hereby certify as follows:

1. On the 30th day of September, 1988, the Authority received the entire original issue of (i) $694,925 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 A, issued as a single, fully registered Bond, numbered AR-1; (ii) $173,731 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 B, issued as a single, fully registered Bond, numbered BR-1 (collectively the "Bonds"); and (iii) $1,164,129 in aggregate principal amount of Sewerage System Bond Anticipation Notes, Series 1988 (the "BAN"), issued as a single, fully registered Bond Anticipation Note, numbered R-1, all dated September 30, 1988.

2. At the time of such receipt of the Bonds and the BAN upon original issuance, all of the Bonds and the BAN had been executed by James C. Boyd, Jr., as Chairman of the Issuer, by his manual signature, and by Daniel W. Dickinson, as Secretary of the Issuer, by his manual signature, and the official seal of the Issuer had been affixed upon the Bonds and the BAN.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds and the BAN, of the proceeds of the Series 1988 A Bonds in the aggregate amount of $694,925, proceeds of the Series 1988 B Bonds in the aggregate principal amount of $173,731 and proceeds of the BAN in the aggregate principal amount of $1,164,129 (100% of the par value of each), there being no interest accrued on either the Bonds or the BAN.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and OHIO COUNTY PUBLIC SERVICE DISTRICT has caused this receipt to be duly executed and delivered by its Chairman, as of this 30th day of September, 1988.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By _____
Secretary-Treasurer

OHIO COUNTY PUBLIC SERVICE DISTRICT

By _____
Chairman

09/27/88
OCPII1-C

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1988 A and Series 1988 B
and
Sewerage System Bond Anticipation Notes, Series 1988

DIRECTION TO AUTHENTICATE AND DELIVER BONDS AND BAN

One Valley Bank, National Association
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Ohio County Public Service District Sewer Revenue Bonds, Series 1988 A, in the principal amount of $694,925, Bond No. BR-1, constituting the entire original issue of Ohio County Public Service District Sewer Revenue Bonds, Series 1988 B, in the principal amount of $173,731 (collectively, the "Bonds"), and BAN No. R-1, constituting the entire original issue of Ohio County Public Service District Sewerage System Bond Anticipation Notes, Series 1988, in the principal amount of $1,164,129 (the "BAN"), executed by the Chairman and Secretary of Ohio County Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Resolution and Supplemental Resolution duly enacted and adopted by the Issuer (collectively, the "Local Act");

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

(3) Executed counterparts of the loan agreement and the supplemental loan agreement relating to the Bonds, both dated September 30, 1988, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement");

(4) Signed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreement, the Bonds and the BAN.

You are hereby requested and authorized to deliver the Bonds and the BAN to the Authority upon payment to the account of the Issuer of the sum of $2,032,785, representing the agreed aggregate purchase price of the Bonds and the BAN, there being no accrued interest thereon. Prior to such delivery of the Bonds and the BAN, you will please cause the Bonds and the BAN to be authenticated by an authorized officer, as Bond Registrar and Note Registrar, respectively, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 30th day of September, 1988.

OHIO COUNTY PUBLIC SERVICE DISTRICT

By _____
Chairman

09/27/88
OCPII1-D

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1988 A

No. AR-1 $694,925

KNOW ALL MEN BY THESE PRESENTS: That OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Ohio 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 SIX HUNDRED NINETY-FOUR THOUSAND NINE HUNDRED TWENTY-FIVE DOLLARS ($694,925), 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 April 1, 1989. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated September 30, 1988.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage 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 2 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on September 28, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1988 B, of the Issuer (the "Series 1988 B Bonds"), issued in the aggregate principal amount of $173,731 and the Sewerage System Bond Anticipation Notes, Series 1988 (the "BAN"), issued in the aggregate principal amount of $1,164,129, which Series 1988 B Bonds and BAN are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, DATED MAY 16, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,320 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) on a parity basis with the Prior Bonds to be derived from the operation of the System, moneys in the Reserve Account (the "Series 1988 A Bonds Reserve Account"), created under the Bond Legislation for the Bonds and unexpended proceeds of the Bonds, the BAN and the Series 1988 B 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 1988 A Bonds Reserve Account and unexpended proceeds of the Bonds, the BAN and the Series 1988 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1988 B Bonds, the BAN and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, the Series 1988 B Bonds, or the BAN, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1988 B Bonds, the BAN and any other obligations outstanding prior to or on a parity with the Bonds or Series 1988 B Bonds or the BAN, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, OHIO 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 September 30, 1988.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: September 30, 1988

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

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:

_____

09/30/88
OCPII4-A

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1988 B

No. BR-1

$173,731

KNOW ALL MEN BY THESE PRESENTS: That OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Ohio County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE HUNDRED SEVENTY-THREE THOUSAND SEVEN HUNDRED THIRTY-ONE DOLLARS ($173,731), 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 September 30, 1988.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds") and (iii) to pay certain costs of issuance of the Bonds and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on September 28, 1988 (collectively

called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, SERIES 1986 A, DATED MAY 16, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,320 (THE "SERIES 1986 A BONDS") AND

(ii) SEWER REVENUE BONDS, SERIES 1988 A, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $694,925 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1988 A BONDS").

THIS BOND IS ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED MAY 16, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $49,961 (THE "SERIES 1986 B BONDS") AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1988, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,164,129 AND DESCRIBED IN THE BOND LEGISLATION (THE "BAN").

The Series 1986 A Bonds And the Series 1986 B Bonds are herein 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) on a parity basis with the Series 1986 B Bonds and the BAN 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 1986 A Bonds and the Series 1988 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1988 B Bonds Reserve Account), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1988 B Bonds Reserve Account and unexpended

Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the BAN, the Series 1988 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 B Bonds Reserve Account and the reserve accounts established for the Series 1988 A Bonds and the BAN, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds, the BAN and the Series 1988 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior 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 Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 A Bonds.

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

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

IN WITNESS WHEREOF, OHIO 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 September 30, 1988.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: September 30, 1988

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

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:

_____

09/30/88
OCPII4-B

ALL-STATE LEGAL SUPPLY CO., ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

ED 11-1C

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1988

No. R-1 $1,164,129

KNOW ALL MEN BY THESE PRESENTS: That OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Ohio County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION ONE HUNDRED SIXTY-FOUR THOUSAND ONE HUNDRED TWENTY-NINE DOLLARS ($1,164,129), 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 installments of this Note 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 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 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 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 1988 C and Series 1988 D Bonds (as hereinafter defined), or otherwise provide for redemption hereof, at the price of 100% of the principal amount outstanding 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, Series 1988, of the Issuer (the "Notes") issued in the aggregate principal amount of $1,164,129, and is issued (i) to temporarily pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to pay interest hereon during the construction of the Project and for approximately 2 months thereafter; (iii) to fund a reserve account for the Notes; and (iv) to pay certain costs of issuance hereof and related costs. 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 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, duly adopted by the Issuer on September 28, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof.

This Note is issued concurrently with the Sewer Revenue Bonds, Series 1988 A and Series 1988 B, of the Issuer (the "Bonds"), issued in the aggregate principal amount of $868,656, which Series 1988 A Bonds and Series 1986 A Bonds are senior and prior to the Notes and Series 1988 B Bonds and Series 1986 B Bonds are on parity with the Notes with respect to the lien on and pledge of the Net Revenues (all as such terms are defined in the Bond Legislation).

This Note is payable from proceeds of the Issuer's Sewer Revenue Bonds, Series 1988 C (the "Series 1988 C Bonds") and Series 1988 D (the "Series 1988 D Bonds"), expected to be purchased by the Authority in accordance with a letter of the Authority dated September 30, 1988, relating to such purchase. In the event the Series 1988 C and Series 1988 D Bonds are not purchased by the Authority in accordance with a letter from the Authority dated September 30, 1988, relating to such purchase, this Note shall be payable from and secured by a pledge of the Net Revenues on a subordinate basis to the Series 1986 A and Series 1988 A Bonds and on a parity with the Series 1986 B and Series 1988 B Bonds, moneys in the Reserve Account (the "BAN Reserve Account"), created under the Bond Legislation 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 1988 C and Series 1988 D 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 Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the 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 Bond Legislation. Remedies provided the registered owners of the Notes 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 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.

Subject to the registration requirements set forth herein, this Note, 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 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 Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Note subject however, to the prior lien thereon in favor of the holders of the Series 1986 A and Series 1988 A Bonds, and the parity lien thereon in favor of the holders of the Series 1986 B and Series 1988 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 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 Note.

All provisions of the Bond Legislation, resolutions 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, OHIO COUNTY PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated September 30, 1988.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Bond Anticipation Notes, Series 1988, described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: September 30, 1988

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

ASSIGNMENT

FOR VALUE RECEIVED the undersigned 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 of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

09/30/88
OCPII4-C

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
J. ROBERT GWYNNE
WILLIAM E. GALEOTA
GORDON H. COPLAND

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

MORGANTOWN OFFICE
1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
TELECOPIER (304) 598-8116

RANDALL C. LIGHT
CHRISTOPHER P. BASTIEN
STEVEN P. McGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLPH FIFE
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI
JOSEPH R. FERRETTI
MARK E. KINLEY
EDWARD R. KOHOUT
MARCIA J. POLLARD
BRYAN R. COKELEY
PATRICK D. KELLY
FRANCESCA TAN
CHRISTINE S. VAGLIENTI

OF COUNSEL
ROBERT W. LAWSON, JR.
RALPH BOHANNON
ERNEST C. SWIGER

WRITER'S DIRECT DIAL NUMBER

September 30, 1988

Ohio County Public Service District
Sewer Revenue Bonds, Series 1988 A

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by Ohio 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 $694,925 Sewer Revenue Bonds, Series 1988 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated September 30, 1988, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing April 1, 1989, at the rate of 9.0% per annum, and with principal installments payable on October 1 in each of the years 1990 through 2028, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia,

//

including particularly, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); and (ii) paying interest on the Local Bonds during the period of construction of the Project and for approximately 2 months thereafter; (iii) funding a reserve account for the Local Bonds; and (iv) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Issuer on September 28, 1988, as supplemented by a supplemental resolution adopted September 28, 1988 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, on a parity, however with the Issuer's outstanding Sewer Revenue Bonds, Series 1986 A, dated May 16, 1986, issued in

the principal amount of $100,320, all in accordance with the terms of the Local Bonds and the Local Act.

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

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

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

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

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

09/28/88
OCPIII-E

ALL-STATE LEGAL SUPPLY CO., ONE COMMERCE DRIVE CRANFOR JERSEY 07016

EO 11-1C

STEPTOE & JOHNSON

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WRITER'S DIRECT DIAL NUMBER

September 30, 1988

Ohio County Public Service District
Sewer Revenue Bonds, Series 1988 B

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by Ohio 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 $173,731 Sewer Revenue Bonds, Series 1988 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated September 30, 1988, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1990 through 2028, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated September 30, 1988, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1988 A" (the

"Local Bonds"), which Local Bonds are issued simultaneously herewith and to the Series 1986 A Bonds described in the Local Act, as defined below.

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) funding a reserve account for the Supplemental Bonds and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Issuer on September 28, 1988, as supplemented by a supplemental resolution adopted September 28, 1988 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

1. The Issuer is a duly organized and validly existing public service district and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

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

3. The Local Act and all other necessary orders and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, junior and subordinate to the Local Bonds and the Issuer's Sewer Revenue Bonds, Series 1986 A, dated May 16, 1986, issued in the original principal amount of $100,320 and on a parity with the Issuer's outstanding Sewer Revenue Bonds, Series 1986 B, dated May 16, 1986, issued in the original principal amount of $49,961 and Bond Anticipation Notes, Series 1988, dated September 30, 1988, issued in the original principal amount of $1,164,129, all in accordance with the terms of the Supplemental Bonds and the Local Act.

5. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

6. The Supplemental Bonds are, under the Local Statute, exempt from direct taxation by the State of West Virginia and the other taxing bodies of the State.

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

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

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

09/28/88
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STEPTOE & JOHNSON

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WRITER'S DIRECT DIAL NUMBER

September 30, 1988

Ohio County Public Service District
Sewerage System Bond Anticipation Notes, Series 1988

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by Ohio 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 $1,164,129 Sewerage System Bond Anticipation Notes, Series 1988, dated the date hereof (the "BAN").

We have examined the law and certified copies of proceedings and other papers relating to the authorization and issuance of the BAN, which are to be purchased by West Virginia Water Development Authority (the "Authority"). The BAN are originally issued in the form of one note, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing April 1, 1989, at the rate of 7 1/2% per annum, and with principal installments payable on October 1 in each of the years 1990 through 2028, inclusive, all as set forth in the "Schedule of Debt Service Payments" attached to the BAN. The BAN are subject to mandatory redemption at the price of 100% of the principal amount outstanding, plus interest accrued to the date of such redemption, within 15 days following notification of the Issuer by the Authority that it is prepared to purchase the Series 1988 C and Series 1988 D Bonds (or otherwise provide for redemption of the BAN).

The BAN are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Local Statute"), for the purposes of (i) temporarily financing a portion

of the costs of acquisition and construction of additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project") pending issuance by the Issuer of certain bonds; (ii) paying interest on the BAN during the period of construction of the Project and for approximately 2 months thereafter; (iii) funding a reserve account for the BAN; and (iv) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Issuer on September 28, 1988, as supplemented by a supplemental resolution adopted September 28, 1988 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the BAN is authorized and issued.

The Local Act also authorizes the issuance by the Issuer of certain Sewer Revenue Bonds, Series 1988 A, B, C and D (collectively, the "Bonds"). The Series 1988 A and Series 1988 B Bonds are being issued concurrently with the BAN. The Series 1988 C and Series 1988 D Bonds are anticipated to be issued prior to maturity of the BAN and the proceeds thereof are expected to be applied to payment of the BAN at the time of such issue. The Issuer has received a letter dated September 30, 1988, from the Authority, wherein the Authority has stated its intention to purchase the aforesaid Series 1988 C and Series 1988 D Bonds following issuance by the Authority of its next issue of bonds.

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

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

2. The Local Act 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 upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement dated September 30, 1988, regarding the purchase of the Series 1988 A and Series 1988 B Bonds, which are applicable to the BAN.

3. The BAN have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are the valid, legally enforceable and binding special obligations of the Issuer, payable from and secured by a lien on and pledge of (i) proceeds of sale of the Series 1988 C and Series 1988 D Bonds, when and if issued; and (ii) the Net Revenues of said System, on parity with the Issuer's Sewer Revenue Bonds, Series 1986 B, dated

May 16, 1986 and Sewer Revenue Bonds, Series 1988 B, all in accordance with the terms of the BAN and the Local Act.

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

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

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

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

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

09/28/88
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ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

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WRITER'S DIRECT DIAL NUMBER

September 30, 1988

Ohio County Public Service District
Sewer Revenue Bonds, Series 1988 A

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

Gentlemen:

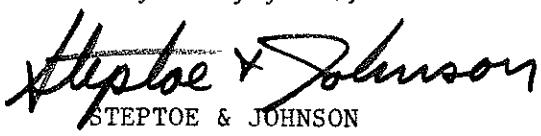
We have examined a transcript of proceedings relating to the issuance of $694,925 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A (the "Local Bonds"), of Ohio County Public Service District (the "Issuer"), and a Certificate as to Arbitrage executed by the Chairman of the Issuer on this date.

Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), to support the conclusion that the Local Bonds are not "arbitrage bonds" as therein defined. While we have undertaken no independent verification or investigation of the statements, expectations, or representations set forth in such Certificate as to Arbitrage, no matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined.

The opinions set forth above are subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be so included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements.

Very truly yours,



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WRITER'S DIRECT DIAL NUMBER

September 30, 1988

Ohio County Public Service District
Sewerage System Bond Anticipation Notes, Series 1988

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

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of $1,164,129 aggregate principal amount of Sewerage System Bond Anticipation Notes, Series 1988 (the "BAN"), of Ohio County Public Service District (the "Issuer"), and a Certificate as to Arbitrage executed by the Chairman of the Issuer on this date.

Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), to support the conclusion that the BAN are not "arbitrage bonds" as therein defined. While we have undertaken no independent verification or investigation of the statements, expectations, or representations set forth in such Certificate as to Arbitrage, no matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the BAN are not "arbitrage bonds" as so defined.

The opinions set forth above are subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the BAN in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the BAN to be so included in gross income retroactive to the date of issuance of the BAN. The Issuer has covenanted to comply with all such requirements.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

09/27/88
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JOHN PRESTON BAILEY
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September 30, 1988

Ohio County Public Service District
Sewer Revenue Bonds, Series 1988 A and Series 1988 B
and
Sewerage System Bond Anticipation Notes, Series 1988

W.Va. Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Steptoe & Johnson
P. O. Box 2190
Clarksburg, WV 26301

Gentlemen:

We are counsel to Ohio County Public Service District, in Ohio County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated September 30, 1988, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein), and other documents relating to the above captioned Bonds and BAN of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

We are of the opinion that:

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

2. The members of the public service board of the Issuer have been duly and properly appointed, have taken the requisite oaths, and are authorized to act on behalf of the Issuer.

3. The Local Act has been duly adopted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the Ban and the Loan Agreement and the consummation of the transactions

contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds and the BAN, construction of the Project, operation of the System, and imposition of rates and charges, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges. The final order of the Public Service Commission of West Virginia was appealed to the West Virginia Supreme Court of Appeals and said Court has on September 13, 1988, entered an order dismissing such appeal with prejudice.

6. 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 Loan Agreement, construction of the Project, payment of the BAN, operation of the System, or the validity of the Bonds and the BAN 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,

John Preston Bailey

JPB:klb

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1988 A and Series 1988 B
and
Sewerage System Bond Anticipation Notes, Series 1988

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. GRANTS, ETC.
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND AND BAN PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BONDS AND BAN

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the public service board of Ohio County Public Service District in Ohio County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the $868,656 aggregate principal amount of Ohio County Public Service District Sewer Revenue Bonds, Series 1988 A (the "Series 1988 A Bonds") and Series 1988 B (the "Series 1988 B Bonds") (collectively, the "Bonds"), and the $1,164,129 aggregate principal amount of Sewerage System Bond Anticipation Notes, Series 1988 (the "BAN"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and Notes Resolution of the Issuer adopted September 28, 1988, and a Supplemental Resolution also adopted September 28, 1988 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds and the BAN, construction of the Project, operation of the System, receipt of the Grant Receipts or the Net Revenues, or in any way contesting or affecting the validity of the Bonds, the BAN or the Grants or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds and the BAN, payment of the BAN, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds and the BAN or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds and the BAN, construction of the Project, operation of the System, receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Bonds and the BAN have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended. Construction of the Project has commenced, and completion thereof is expected to occur by January, 1990.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the submission by the Issuer of the Amended Application, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. Other than as described below, there are no outstanding debt obligations of the Issuer, which are secured by revenues or assets of the System. The Issuer does have outstanding its Sewer Revenue Bonds, Series 1986 A (the "Series 1986 A Bonds") and Series 1986 B (the "Series 1986 B Bonds"), both dated May 16, 1986, the Series 1986 A Bonds having been issued in the principal amount of $100,320 and the Series 1986 B Bonds having been issued in the principal amount of $49,961. All payments required to be made on behalf of the Series 1986 A and Series 1986 B Bonds are current. The Series 1988 A Bonds are senior and prior with respect to liens, pledges and sources of and security for payment to the Series 1986 B Bonds, the Series 1988 B Bonds and the BAN, and are on parity with the Series 1986 A Bonds. The Series 1988 B Bonds are on parity with the Series 1986 B Bonds and the BAN, and are junior and subordinate to the Series 1986 A Bonds and the Series 1988 A Bonds.

The Series 1988 A and Series 1988 B Bonds are issued contemporaneously with issuance of the BAN. The Series 1988 C and

Series 1988 D Bonds, authorized by the Bond Resolution, are expected to be issued subsequent to issuance of the BAN, for the purpose of paying the principal amount of the BAN. The Series 1988 C Bonds, when issued, will be senior and prior with respect to liens, pledges and sources of and security for payment to the Series 1986 B Bonds, the Series 1988 B Bonds and the Series 1988 D Bonds, and will be on parity with the Series 1986 A Bonds and the Series 1988 A Bonds. The Series 1988 D Bonds, when issued, will be on parity with the Series 1986 B Bonds and the Series 1988 B Bonds and will be junior and subordinate to the Series 1986 A Bonds, the Series 1988 A Bonds and the Series 1988 C Bonds.

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

Order of County Commission creating Public Service District.

Orders of County Commission appointing current members to Public Service Board.

Certified copies of oaths of office of current members of Public Service Board.

Rules of Procedure of Public Service Board.

Affidavit of Publication of Notice of Borrowing and Filing of PSC Application.

Bond Resolution.

Supplemental Resolution.

Minutes of 1988 Organizational Meeting and Adoption of Bond Resolution and Supplemental Bond Resolution.

Loan Agreement.

EPA Grant Agreement, with Part B Amendment.

Sewage Treatment Agreement with City of Wheeling.

Public Service Commission Orders entered April 26, 1988, and June 17, 1988.

Order of Supreme Court of Appeals of West Virginia entered September 13, 1988.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Ohio County Public Service District" and it is a public service district duly created by The County Commission of Ohio County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
James C. Boyd, Jr.	November, 1984	October, 1990
Daniel W. Dickinson, Jr.	November, 1986	November, 1992
Robert R. Luchetti	November, 1982	November, 1988

The names of the duly elected and/or appointed, qualified and acting members of the Public Service Board of the Issuer for the calendar year 1988 are as follows:

Chairman - James C. Boyd, Jr.
Secretary/Treasurer - Daniel W. Dickinson, Jr.

The duly appointed and acting Counsel for the Issuer is Byrum & Bailey, of Wheeling, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds and the BAN.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer

in any way connected with the construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been and will be required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

10. GRANTS, ETC.: As of the date hereof, the United States Environmental Protection Agency has committed to the Issuer a grant in the amount of $5,579,647. Such grant is, as of this date in full force and effect. All funds of the Issuer to be used to pay the Project costs, being $12,220, are lawfully available therefor.

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

12. RATES: The Issuer has received Final Orders of the Public Service Commission of West Virginia entered April 26, 1988, and June 17, 1988, granting a certificate of convenience and necessity for the Project, approving rates and charges for the services of the System and approving the financing for the Project, and has adopted a resolution prescribing such rates and charges. The Final Order entered June 17, 1988, was appealed to the Supreme Court of Appeals of the State of West Virginia which, on September 13, 1988, has entered an order dismissing such appeal with prejudice.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds and the BAN of the aforesaid issue, all dated September 30, 1988, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be imprinted upon each of said Bonds and the BAN and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds and the BAN to a representative of the Authority as the original purchaser of the Bonds and the BAN under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND AND BAN PROCEEDS: On the date hereof the Issuer received from the Authority the agreed aggregate purchase price of the Bonds and the BAN, being $2,032,785 (100% of par value), there being no interest accrued thereon.

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

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds. Less than 10% of the proceeds of the Series 1988 A Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Series 1988 A Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Series 1988 A Bonds, including the disproportionate related business use of the proceeds of the Series 1988 A Bonds, and none of the payment of principal of, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private

business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Series 1988 A Bonds. None of the proceeds of the issue of the Series 1988 A Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public, all within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the BAN. Less than 10% of the proceeds of the BAN will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the BAN will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the BAN, including the disproportionate related business use of the proceeds of the BAN, and none of the payment of principal of, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the BAN. None of the proceeds of the issue of the BAN will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public, all within the meaning of Section 141 of the Code.

17. NO FEDERAL GUARANTY: Neither the Series 1988 A Bonds nor the BAN are, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially sign two properly completed IRS Forms 8038-G (one each for the Bonds and the BAN) and will cause such executed Forms 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

19. SPECIMEN BONDS AND BAN: Delivered concurrently herewith are true and accurate specimens of the Bonds and the BAN.

WITNESS our signatures and the official seal of OHIO COUNTY PUBLIC SERVICE DISTRICT on this 30th day of September, 1988.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to Issuer

09/28/88
OCRIII-I

ALL-STATE LEGAL SUPPLY CO., ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

ED 11-1C

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1988 A and Series 1988 B
and
Sewerage System Bond Anticipation Notes, Series 1988

CERTIFICATE AS TO ARBITRAGE

I, James C. Boyd, Jr., Chairman of the public service board of the Ohio County Public Service District, in Ohio County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $694,925 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A, of the Issuer, dated September 30, 1988 (the "Local Bonds"), and the issuance of $1,164,129 aggregate principal amount of Sewerage System Bond Anticipation Notes, Series 1988, of the Issuer, dated September 30, 1988 (the "BAN"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and applicable regulations (the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Local Bonds and the BAN. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on September 30, 1988, the date on which the Local Bonds and the BAN are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Resolution pursuant to which the Local Bonds and the BAN are issued, the Issuer has covenanted to make no use of

the proceeds of the Local Bonds and the BAN which would cause the Local Bonds and the BAN to be "arbitrage bonds" within the meaning of the Code.

6. The Local Bonds, the BAN and the Series 1988 B Bonds (the "Supplemental Bonds"), which bear no interest, were sold on September 30, 1988, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of $2,032,785 (100% of par).

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"), (ii) paying interest on the Local Bonds during the construction period and for approximately 2 months thereafter, (iii) funding reserve accounts for the Local Bonds, and (iv) paying costs of issuance of the Local Bonds.

8. The BAN are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) temporarily paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"), (ii) paying interest on the BAN during the construction period and for approximately 2 months thereafter, (iii) funding a reserve account for the BAN, and (iv) paying costs of issuance and other costs in connection therewith.

9. The Issuer has provided in the Resolution for the issuance of its Series 1988 C and Series 1988 D Bonds, which the Issuer reasonably expects will take place within 12 months. The Series 1988 C and Series 1988 D Bonds are expected to be issued in the aggregate principal amount of $1,164,129, which is the principal amount of the BAN. When received, the Series 1988 C and Series 1988 D Bond proceeds will be applied to redemption of the BAN in full.

10. The Issuer shall, within 30 days following delivery of the Local Bonds and the BAN, enter into agreements which require the Issuer to expend in excess of $100,000 on the Project, constituting a substantial binding commitment or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and proceeds deposited in reserve accounts for the Local Bonds and the BAN, all of the proceeds from the sale of the Local Bonds and the BAN, together with any investment earnings thereon, will be expended for payment of

Costs of the Project on or before February, 1990. Construction of the Project is expected to be completed by January, 1990.

11. The total cost of the Project (including all costs of issuance of the Bonds and the BAN) is estimated at $7,624,652. Sources and uses of funds for the Project are as follows:

SOURCES	
Gross Proceeds of Local Bonds	$ 694,925
Gross Proceeds of Supplemental Bonds	173,731
Gross Proceeds of BAN	1,164,129
Local Funds	12,220
Grant Receipts	5,579,647
Total Sources	$7,624,652

USES	
Design, Acquisition and Construction of Project	$7,222,622
Capitalized Interest	223,971
Funded Reserve Account for Local Bonds	64,798
Funded Reserve for Supplemental Bonds	4,455
Funded Reserve for BAN	92,806
Other Costs of Issuance	16,000
Total Uses	$7,624,652

The amount of Project costs not expected to be reimbursed or paid from Grant Receipts, Supplemental Bond proceeds and funds of the Issuer lawfully available therefor is estimated to be at least equal to the gross proceeds of the Local Bonds and the BAN. Except for the Grant Receipts, proceeds of the Local Bonds, the Supplemental Bonds, the BAN and such funds of the Issuer and interest earnings during construction, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

12. Pursuant to Article V of the Local Act, the following special funds or accounts have been created or continued from prior resolutions:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund;

(4) Sinking Funds established for the 1986 A Bonds and 1986 B Bonds (herein collectively called the "Prior Bonds Sinking Funds");

(5) Series 1988 A Bonds Sinking Fund, and within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account; and

(6) Series 1988 B Bonds Sinking Fund, and within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account.

(7) BAN Sinking Fund, and within the BAN Sinking Fund, the BAN Reserve Account.

(8) Series 1988 C Bonds Sinking Fund, and within the Series 1988 C Bonds Sinking Fund, the Series 1988 C Bonds Reserve Account.

(9) Series 1988 D Bonds Sinking Fund, and within the Series 1988 D Bonds Sinking Fund, the Series 1988 D Bonds Reserve Account.

13. Pursuant to Article VI of the Local Act, the proceeds of the Local Bonds, the BAN and the Supplemental Bonds will be deposited as follows:

(1) Local Bonds proceeds in the amount of $-0- will be applied to payment of certain advances made to the Issuer for the purpose of temporarily financing a portion of the Costs of the Project.

(2) Local Bonds proceeds in the amount of $95,708 will be deposited in the Series 1988 A Bonds Sinking Fund and used to pay interest on the Local Bonds.

(3) Local Bonds proceeds in the amount of $64,798 will be deposited in the Series 1988 A Bonds Reserve Account.

(4) Supplemental Bonds proceeds in the amount of $4,455 will be deposited in the Series 1988 B Bonds Reserve Account.

(5) BAN proceeds in the amount of $128,263 will be deposited in the BAN Sinking Fund and used to pay interest on the BAN.

(6) BAN proceeds in the amount of $92,806 will be deposited in the BAN Reserve Account.

(7) The balance of the proceeds of the Local Bonds, the Supplemental Bonds and the BAN will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project.

14. Moneys held in the Series 1988 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 1988 A Bonds Sinking Fund and Series 1988 A Bonds Reserve Account will be annually withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the Series 1988 A Bonds, and then to the next ensuing principal payment due thereon.

15. Moneys held in the BAN Sinking Fund will be used solely to pay principal of and interest on the BAN and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the BAN Sinking Fund and BAN Reserve Account will be annually withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the BAN, and then to the next ensuing principal payment due thereon.

16. Except for the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account, the BAN Sinking Fund and the BAN Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Local Bonds or on the BAN, or which are pledged as collateral for the Local Bonds or for the BAN, and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds or on the BAN, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Local Bonds or upon the BAN. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in

excess of the yield on the Local Bonds or in excess of the yield on the BAN, have been or will be pledged to payment of the Local Bonds or the BAN. Less than 10% of the proceeds of the Local Bonds will be deposited in the Series 1988 A Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1988 A Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Local Bonds and will not exceed 125% of average annual principal and interest on the Local Bonds. Amounts in the Series 1988 A Reserve Account, not to exceed 10% of the proceeds of the Local Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1988 A Reserve Account is required by the Authority, is vital to its purchase of the Local Bonds and is reasonably required to assure payments of debt service on the Local Bonds.

Less than 10% of the proceeds of the BAN will be deposited in the BAN Reserve Account or any other reserve or replacement fund. The amounts deposited in the BAN Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the BAN and will not exceed 125% of average annual principal and interest on the BAN. Amounts in the BAN Reserve Account, not to exceed 10% of the proceeds of the BAN, if invested, will be invested without yield limitation. The establishment of the BAN Reserve Account is required by the Authority, is vital to its purchase of the BAN and is reasonably required to assure payments of debt service on the BAN.

17. The Issuer expects to enter into a contract within 6 months of the date hereof or has already entered into such a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds and the BAN or $100,000.

18. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 15 months.

19. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds and BAN to the Authority.

20. With the exception of the amounts deposited in the Series 1988 A Bonds Sinking Fund and the BAN Sinking Fund, respectively, for payment of interest on the Local Bonds and on the BAN and amounts deposited in the Series 1988 A Reserve Account and the BAN Reserve Account, if any, all of the proceeds of the Local

Bonds and the BAN will be expended on the Project within 16 months from the date of issuance thereof.

21. Any money deposited in the Series 1988 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1988 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt. Any money deposited in the BAN Sinking Fund for payment of the principal and interest on the BAN (other than the BAN Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

22. All the proceeds of the Local Bonds and the BAN which were used for the payment of costs of the Project will be expended for such purposes within three years of April 28, 1988.

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

24. All property financed with the proceeds of the Local Bonds and the BAN will be held for Federal income tax purposes by (or on behalf of) a qualified governmental unit.

25. The Issuer shall file Form 8038-G or 8038-GC in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255.

26. No more than 10% of the proceeds of the Local Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Local Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit. No more than 10% of the proceeds of the BAN will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the BAN have been or will be used to make or finance loans to, any person who is not a governmental unit.

27. Neither the original proceeds of the Local Bonds nor that of the BAN will exceed the amount necessary for the purposes of either issue.

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

29. The Issuer shall not permit at any time or times any of the proceeds of the Local Bonds or the proceeds of the BAN, or any other funds of the Issuer, to be used directly or indirectly in a manner which would result in the exclusion of the Local Bonds or the BAN from treatment afforded by Section 103(a) of the Code by reason of classification of the Local Bonds or the BAN as "private activity bonds" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Local Bonds and the BAN are excludable from gross income for federal income tax purposes.

30. Neither the Local Bonds nor the BAN are, in whole or in part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

31. The Issuer will rebate to the United States the amount, if any, required by 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 shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Local Bonds and the BAN.

32. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the Local Bonds and the BAN.

33. The Issuer shall comply with the yield restriction on the proceeds of the Local Bonds and the BAN as set forth in the Code.

34. The Issuer has either (a) funded the Series 1988 A Bond Reserve Account at the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then current or any succeeding year with the proceeds of the Local Bonds, or (b) created the Series 1988 A Bond Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1988 A Bond Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then current or any succeeding year. Moneys in the Series 1988 A Bond Reserve Account and the local sinking fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Local Bonds and will not be available to pay costs of the Project.

The Issuer has either (a) funded the BAN Reserve Account at the maximum amount of principal and interest which will mature and become due on the BAN in the then current or any succeeding year with the proceeds of the BAN, or (b) created the BAN Reserve Account which will be funded with equal payments on a monthly basis over a 10 year period until such BAN Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the BAN in the then current or any succeeding year. Moneys in the BAN Reserve Account and the BAN Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the BAN and will not be available to pay costs of the Project.

35. The Issuer shall submit to the Authority within 15 days following the end of the Issuer's bond year a certified copy of its rebate calculation or if the Issuer qualifies for the small governmental issuer exception to rebate, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Local Bonds or the BAN subject to rebate.

36. The Issuer expects that no part of the Project financed by the Local Bonds or the BAN will be sold or otherwise disposed of prior to the last maturity date of the Local Bonds or the BAN.

37. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Local Bonds and the BAN.

38. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Local Bonds and the BAN.

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

IN WITNESS WHEREOF, I have set my hand this 30th day of September, 1988.

OHIO COUNTY PUBLIC SERVICE DISTRICT

By _____
Chairman

09/29/88
OCPIII-J

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1988 A and Series 1988 B
and
Sewerage System Bond Anticipation Notes, Series 1988

ENGINEER'S CERTIFICATE

I, D.E. Cerrone, Registered Professional Engineer, West Virginia License No. 3952, of Cerrone & Associates, Inc., consulting engineers, of Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain additions, betterments and improvements (the "Project") for the existing sewerage system of Ohio County Public Service District in Ohio County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed by proceeds of the above-captioned bonds (the "Bonds") and bond anticipation notes (the "BAN") anticipated to be purchased by the West Virginia Water Development Authority (the "Authority"), funds of the Issuer and certain grant proceeds from the United States Environmental Protection Agency. Capitalized words not defined herein shall have the meanings set forth in the Resolution adopted by the public service board of the Issuer on September 28, 1988, as supplemented by a Supplemental Resolution adopted on September 28, 1988, and the Loan Agreement and Supplemental Loan Agreement, both dated September 30, 1988, by and between the Issuer and the West Virginia Water Development Authority (the "Authority").

2. I hereby certify that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to the Authority and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of Ohio County Public Service District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and I will ascertain prior to commencement of construction that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders

and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; and (viii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 30th day of September, 1988.

CERRONE & ASSOCIATES, INC.

By _____

09/27/88
OCPII1-K

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1988 A and Series 1988 B
and
Sewerage System Bond Anticipation Notes, Series 1988

ENGINEER'S CERTIFICATE

I, D.E. Cerrone, Registered Professional Engineer, West Virginia License No. 3952, of Cerrone & Associates, Inc., consulting engineers, of Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain additions, betterments and improvements (the "Project") for the existing sewerage system of Ohio County Public Service District in Ohio County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed by proceeds of the above-captioned bonds (the "Bonds") and bond anticipation notes (the "BAN") anticipated to be purchased by the West Virginia Water Development Authority (the "Authority"), funds of the Issuer and certain grant proceeds from the United States Environmental Protection Agency. Capitalized words not defined herein shall have the meanings set forth in the Resolution adopted by the public service board of the Issuer on September 28, 1988, as supplemented by a Supplemental Resolution adopted on September 28, 1988, and the Loan Agreement and Supplemental Loan Agreement, both dated September 30, 1988, by and between the Issuer and the West Virginia Water Development Authority (the "Authority").

2. I hereby certify that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to the Authority and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of Ohio County Public Service District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and I will ascertain prior to commencement of construction that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders

and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; and (viii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 30th day of September, 1988.

CERRONE & ASSOCIATES, INC.

By _____

09/27/88
OCPII1-K

DATE: 9/28/88

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Ohio County P.S.D. -Phase IIB

TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

1.	Construction	$ 5,832,337	
2.	Technical Services	$ 747,075	
3.	Legal and Fiscal	$ 37,000	
4.	Administrative	$ 33,000	
5.	Site and Other Lands	$ 100,000	
6.	Step I and/or Step II Design or Other Loan Repayment (Specify Type: Prior Costs)	$ 65,860	
7.	Interim Financing Costs	$ 40,480	
8.	Contingency	$ 366,870	
9.	Total of Lines 1 through 8		$ 7,222,622

B. Sources of Funds

10.	Federal Grants:[1] (Specify Source)	EPA	$ 5,579,647	
11.	State Grants:[1] (Specify Source)		$	
12.	Other Grants:[1] (Specify Source)		$	
13.	Any Other Source[2] (Specify)	User Contribution	$ 12,220	
14.	Total of Lines 10 through 13			$ 5,591,867
15.	Proceeds Required from Bond Issue (Line 9 less Line 14)			$ 1,630,755

C. Cost of Financing

16.	Capitalized Interest (construction period plus six months)	$ 223,971	
17.	Funded Reserve Account[3]	$ 162,059	
18.	Other Costs[4]	$ 16,000	
19.	Total Cost of Financing		$ 402,030
20.	Size of Bond Issue (Line 15 plus Total from Line 19)		$ 2,032.785

Prepared by: Cerrone & Associates, Inc.

George C. Bunn

9/28/88

GRIFFIN,
EDELMAN, GLATZ
& OBECNY CERTIFIED
PUBLIC
ACCOUNTANTS

60 Fourteenth Street
Wheeling, WV 26003
Telephone: 233-3440

September 30, 1988

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 15065

Gentlemen:

Based upon the rates and charges as set forth in Appendix B to the order of the Public Service Commission of West Virginia, entered April 26, 1988, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Cerrone & Associates, Inc., 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 of Ohio County Public Service District will pay all repair, operation and maintenance expenses and leave a balance each year (the "Net Revenues") equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1988 A and Series 1988 B and the Sewerage System Bond Anticipation Notes, Series 1988, to be issued to West Virginia Water Development Authority (collectively, the "Series 1988 Obligations") and all other obligations secured by or payable from the Net Revenues of the System on a parity with such Series 1988 Obligations, including the Series 1986 A and Series 1986 B Bonds of the Issuer; and it is our further conclusion that the Net Revenues actually derived, subject to the adjustments provided for in the Resolution authorizing the Series 1986 Bonds during any 12 consecutive months, within the 18 months immediately preceding the date hereof, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 1988 Obligations, 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 Series 1986 Bonds and the Series 1988 Obligations.

Very truly yours,

Griffin, Edelman, Glatz & Obecny

slh

Donald E. Griffin, CPA • Aaron Edelman, CPA • David A. Glatz, CPA
Thaddeus P. Obecny, CPA

OCTOBER 15, 1958 - WEDNESDAY

The Board of Commissioners of the County of Ohio met at the Court House at 9:30 A.M.

Present: President Edward F. McKee, Commissioners Hal T. Kain and Albert L. Kress.

The following bills were examined, approved and ordered paid:

GENERAL COUNTY FUND

State Compensation Commissioner $341.70 Ins. - Comp.

PUBLIC IMPROVEMENT FUND

State Compensation Commissioner 85.42 Ins.-Comp. -Const. $28.48
Oper. 42.70
M.Funds 14.24

In regard to an Air Show which is being planned under the auspices of the Windsor Heights Volunteer Fire Department in conjunction with John E. Morgan of the National Air Shows, the following correspondence was presented to the Board:

WEST VIRGINIA
STATE AERONAUTICS COMMISSION
Charleston 5
October 9, 1958

Mr. J. E. Morgan
c/o McClure Hotel
Wheeling, W. Va.

Dear Mr. Morgan:

In regard to your telephone call on October 9, 1958, this is your authority to proceed with an air show at Wheeling-Ohio County Airport, Wheeling, West Virginia on Sunday October 19, 1958.

All exhibitions for the show will be held in accordance with CAA Regulations and also Part 2, Regulations of the W. Va. State Aeronautics Commission - Section 10, Air Shows, a copy of which is enclosed.

We are particularly interested in the policing of the airport and in seeing that the crowd is strictly prohibited from entering the roped-off areas where the show is taking place.

Very truly yours,
W. VA. STATE AERONAUTICS COMMISSION
By /s/ G. W. Hart, Director

GWH:mbc
Enclosure (1)

The following telegrams were received in regard to the Insurance coverage for the Air Show:

WESTERN UNION
Telegram

CT WB026 PD=FAX WASHINGTON DC 14 24 8PME= 1958 Oct 14 PM 4 00
J E MORGAN= DLR Windsor Hotel Immediately
CARE OHIO COUNTY AIRPORT WHEELING WVIR=

POLICY AR2-01700 BEING ISSUED TO COVER CIVIL AIR PATROL, WINDSOR HEIGHTS FIRE DEPT. & OHIO COUNTY COMM. WITH RESPECT TO AIRMEET ON EITHER 10-19-58 OR RAIN DATE 10-26-58 FOR LIMTS OF BI $50,000/250,000 & PD $100,000. PREM. $355.20 TO BE PAID PRIOR TO 10-19 TO EFFECT COV. CERTIFICATE BEING MAILED TOMORROW

J P WARREN JR. A M E R I C O=
AR2-017000 10-19-58 10-26-58 BI $50,000/250,000 $100,000

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

WESTERN UNION
Telegram

CT WA177 RX PD=FAX WASHINGTON DC 17 1123 AME=
J E MORGAN=
CARE OHIO COUNTY AIRPORT WHEELING WVIR=

COV. BOUND EFF. 10/19/58 FROM SUNRISE TO SUNSET OR 10/26/58 SUNRISE TO SUNSET FOR CIVIL AIR PATROL, WINDSOR HEIGHTS FIRE DEPT. & OHIO COUNTY COMMISSIONERS FOR THE FOLLOWING:
AIRPT. B.I. $50,000. EACH PERSON /$250,000 EA. ACC.
AIRPT. P.D. $100,000. EECH ACCIDENT.
CERTIFICATES OF INSURANCE SENT 10/16/58=

J P WARREN JR AMERICO=
= 10/19/58 10/26/58 $50,000 $250,000 $100,000 10/16/58

The Board after receiving the aforementioned information on the 15th day of October , entered into an Agreement signed by the Windsor Heights Volunteer Fire Department and John E. Morgan of the National Air Shows. Said Agreement was to govern the conducting of the Air show which was to be held at the Wheeling-Ohio County Airport, and Agreement is listed below:

AIR SHOW LEASE

THIS AGREEMENT, made the 15th day of October 1958 between THE BOARD OF COMMISSIONERS OF THE COUNTY OF OHIO, a corporation, hereinafter called the Lessor, party of the first part, proprietor of the Wheeling-Ohio County Airport hereinafter called the Airport, party of the second part, and Windsor Heights Volunteer Fire Department, Inc., a corporation , and John E. Morgan, A. C. A. National Air Shows , hereinafter called Lessees,

WITNESSETH: That in consideration of the sum of one dollar ($1.00), cash in hand paid, the receipt of which is hereby acknowledged, the Lessor does demise, lease and let the Airport (with the exceptions hereinafter stated) unto the Lessees, for the sole and only purpose of conducting thereat a one-day air show.

TERM: This lease shall be for a period of twenty-three (23) hours and fifty (50) minutes, beginning at the hour of 12:05 A.M. on the 19th day of October 1958 and ending at the hour of 11:55 P.M. of said day, provided that if, because of inclement weather or any other cause, the contemplated air show should not beheld on said 19th day of October 1958, this lease shall, in lieu of said period, cover a similar period on the 26th day of October 1958 .

EXCEPTIONS TO PROPERTY DEMISED: There is excepted from the demised premises the following portions thereof: (1) All interior portions of the Administration Building, and all other structures now standing upon the demised premises; (2) The property of Ohio Valley Aviation, Inc., and all land and structures owned and/or operated and/or controlled by it; (3) All runways and taxiways and aprons of the Airport, except that the Lessee may use the same jointly with other users thereof so long as the use by the Lessee does not interfere with commercial flights into and out of the Airport and does not interfere with the use of the same for other ordinary and normal airport purposes, and the operations of said Ohio Valley Aviation, Inc.

ADMISSION: During the term of this lease the Lessees shall have the right to make a charge for admission to the demised premises except of the following persons: (1) Persons employed in any capacity thereat; (2) Passengers and prospective and retrospective passengers of airlines operating into and out of the Airport, and persons associated with or accompanying such passengers; (3) Persons owning private aircraft stored upon or temporarily using the Airport, and their agents; (4) Persons transporting passengers, prospective passengers, retrospective passengers, parcels or freight into or away from the Airport; (5) The members of The Board of Commissioners of the County of Ohio and their agents and employees; (6) Any other person

whomsoever desiring to go upon the Airport for the purpose of transacting any business thereon or thereat which is not connected with the conduct of an air show.

CONCESSIONS: The Lessor reserves the right to control and to grant all concessions during the term of this lease for the sale of beverages, foodstuffs, souvenirs and the like, and to receive for its own use all fees charged therefor, within 100 feet of the Administration Building.

INSURANCE: The Lessees shall not operate an air show kpon or at the Airport until and unless he shall procure insurance written by a solvent insurer satisfactory to the Lessor agreeing to pay all sums which the Lessees and/or any person, natural or artificial, operating any aircraft as a part of such air show, shall become obliged to pay by reason of the liability imposed upon it or him or them, or any of them, by law for damages, including damages for care and loss of service, because of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by any person or persons, caused by accident and arising out of the operations of any aircraft in such air show or by reason of any other operation of the Lessees upon the demised premises or elsewhere in connection with such air show, up to Fifty Thousand Dollars ($50,000.00) for each person so injured, and Two-Hundred Fifty-Thousand Dollars ($250,000.00) for each accident, and to pay on behalf of the Lessees and/or any person, natural or artificial, operating any aircraft as a part of such air show, all sums which it, he or they or any of them shall become obligated to pay by reason of the liability imposed upon it, him or them, or any of them, by law for damages because of injury to or destruction of property, including the property of the Lessor, and including the loss of use thereof, caused by accident and arising out of or by reason of the operation of such air show and all operations either on the premises or elsewhere which are necessary, usual and incidental thereto, up to the limit of not less than One Hundred Thousand Dollars ($100,000.00) for each accident.

INDEMNITY: The Lessees agree to defend at its, his or their own expense, any and all actions at law and/or suits in equity which may be instituted against the Lessor in any court by reason of any cause occasioned by or attributable to such Air Show, and further to indemnify the Lessor and save it harmless from any loss, expense or damage in connection therewith.

CONDUCT OF AIR SHOW: Said air show shall be conducted in such a manner as to constitute no interference with or hazard to commercial passenger or freight-carrying planes operating on schedule or unscheduled flights into and out of theAirport, and so as to avoid collision with or damage to any aircraft or other vehicle properly using the Airport, and so as to avoid injurying or killing any person thereon or in the vicinity thereof, or elsewhere.

CLEAN-UP: The Lessees agree that at the conclusion of the term of this lease they will remove from the demised premises all vehicles and structures brought or placed thereon in connection with the air show, and

will also remove from the demised premises any and all debris, litter and other foreign substances brought thereon by any person whomsoever as a result of the air show, and to restore the Airport, in general, substantially to the same condition as that existing at the beginning of the term of this lease.

IN WITNESS WHEREOF the Lessor has caused its name to be signed and its corporate seal to be affixed hereto by proper authority duly given, and the Lessees have signed this Agreement, all as of the date first herein written.

THE BOARD OF COMMISSIONERS OF THE COUNTY OF OHIO, Lessor

(S E A L)

By /s/ Edward F. McKee
President

Attest:

Windsor Heights Volunteer Fire Dept.

By Joseph Larese, Recording Sec'y.
Title

Attest:
Robert Stark

John E. Morgan

By A.C.A. National Air Shows

Attest:

The following Certificate of Insurance was received in regard to aforementioned Air Show:

AMERICAN MERCURY INSURANCE COMPANY
1420 Connecticut Ave., N. W.
Washington 8, D. C.

Descriptive Schedule Date October 16, 1958

Named Insured : CIVIL AIR PATROL, Windsor Heights Fire Dept. & Ohio County
Address of insured: OHIO COUNTY AIRPORT, Wheeling, W. Va. /Commissioners

Location covered : OHIO COUNTY AIRPORT, WHEELING, W. Va.
Policy# number : AR2-017000
Effective Date : October 19,1958 or October 26, 1958 (One Day Only)

KIND OF INSURANCE

Airport Liability:

Bodily Injury	$ 50,000. each person 250,000. each accident
Property Damage	$ 100,000. each accident

This certificate is issued to: CIVIL AIR PATROL, WINDSOR HEIGHTS FIRE DEPT., & OHIO COUNTY COMMISSIONERS whose address is c/o OHIO COUNTY AIRPORT, WHEELING, WEST VIRGINIA

1-E. S. Marshall
1-File
Encl: Endt. #2 (Airmeet Liability Endorsement)

AMERICAN MERCURY INSURANCE COMPANY

By /s/ N. McNealy
Authorized Representative

Although the dates on the above correspondence are different than today's recordation, the Board instructed the Clerk to spread in its entirety all the angles and different procedures the Board had to investigate in this particular section of the minutes, in order to give consent to conduct the Air Show. This is the reason all this correspondence was kept together.

The following Certificate of Inspection was received:

W-6686-W (State Serial Number) — STATE OF WEST VIRGINIA Department of Labor — 1535 (Certificate Number)

ANNUAL CERTIFICATE OF STEAM BOILER INSPECTION

Lookout	23290	26227	1
Manufacturer	National Board Number	A.S.M.E. Number	Owner's Number

Date of Issuance October 11, 1958

Issued to Ohio County Board of Commissioner

Location of Boiler Slaughter House, County Farm, Roney's Point, W. Va.

V. T.	100-Pounds	6.1	1950
Type	Pressure Allowed	Factor of Safety	Year Built

Fuel-Gas
Boiler Internally Inspected by J. A. Zwolensky of London Guarantee & Accident Company, Ltd.

This is to Certify That the herein described Steam Boiler may be operated at a pressure not to exceed that shown above and only at the location specified herein, for One Year from Date, unless sooner withdrawn for cause.

H. Richard Kennell
Commissioner of Labor

The Clerk was instructed to record the above in these minutes, and forward the Certificate to Superintendent Newell West, of CountyHome & Farm.

The Clerk reported receiving copy of letter addressed to Mr. George P. Hansen, Chairman of Ohio County Civil Defense Advisory Council. Said correspondence revealed the resignation of C. H. Draher, who has been Acting Director of Civil Defense in and for Ohio County, for several months. The Clerk was instructed to file said correspondence.

The following letter was received in regard to Project No. 9-46-005-5804:

U. S. DEPARTMENT OF COMMERCE
Civil Aeronautics Administration

October 9,1958

Mr. Harry F. Lewis, Clerk
The Board of Commissioners
County of Ohio
Wheeling, West Virginia

Dear Mr. Lewis:

In reply to your letter of September 26, 1958 concerning the relocation of the high intensity lights on Runway 3/21 at Wheeling-Ohio County Airport under Project No. 9-46-005-5804, we wish to confirm our previous verbal approval for the Board of Commissioners of the Coun.y of Ohio, West Virginia to accomplish said lighting relocation work by force account.

Sincerely yours,

/s/ William O. Collins
District Airport Engineer

The Clerk explained to the Board that the above correspondence verified the information that was given prior to this date by telephone, and this verification was requested by the Federal Auditor to secure in writing theformal approval of Civil Aeronautics Administration in regard to our use of "Force Account".

Commissioner Kress submitted a petition for the Board's determination and action in regard to a creation of a Public Service District, said petition being proper and carrying some 105 signatures. The Board then instructed the Clerk to enter the following order:

"OHIO COUNTY PUBLIC SERVICE DISTRICT"

This 17th day of October, 1958, came Lila Sheldon and one hundred and five (105) other legal voters residing within and owning real estate situated within Ohio County, West Virginia, and filed their petition for the creation of a public service district within those parts

of Ohio County not included within any municipality, pursuant to Article 13A of Chapter 16 of the Code of West Virginia, as amended.

Pursuant to the requirements of Section 2 of that Article, The Court appoints the 17th day of November, 1958, at the hour of 10:00 A.M. Eastern Standard Time, as the time, and the Court room of this Court located at No. 2217 Chapline Street, Wheeling, West Virginia, as the place, for public hearing on said petition.

It is further ordered that the Clerk of this Court do cause to be published in the Wheeling Intelligencer, a newspaper of a general circulation published in Ohio County, West Virginia, a notice respecting said peittion, of the kind required by said statute.

* * * * *

The Mental Hygiene Commission reported the following suffering from Mental illness, and committed to the State Hospital at Weston:

Margaret E. Moore
Agnes Gollner

The Clerk was instructed to record the following deed:

THIS DEED, Made this 15th day of October, 1958, by and between THE BOARD OF COMMISSIONERS OF THE COUNTY OF OHIO, a corporation, party of the first part, and THE STATE OF WEST VIRGINIA, by THE STATE ROAD COMMISSION OF WEST VIRGINIA, a corporation, party of the second part,

WITNESSETH: That for and in consideration of the sum of ONE DOLLAR ($1.00), cash in hand paid,and other good and valuable considerations, the receipt of all which is hereby acknowledged, the party of the first part does grant, sell and convey in fee simple unto the said STATE OF WEST VIRGINIA, party of the second part, a certain strip or parcel of land situate in the County of Ohio, State of West Virginia, and shown as belonging to Board of Commissioners County of Ohio, upon map or blueprint marked, identified and described as plans of State Road Commission Project No. F-203 (14), Fulton Interchange, Ohio County, West Virginia, known as Parcel No. 205, the said real estate herein conveyed being more particularly described as follows, to-wit:

Beginning at a point in the southerly line of the National Road in the line between Daniel Steenrod and Hamilton Woods as it is shown on the plat of the town of Steenrod recorded in deed book No. 39, folio 307, in the bffice of the Clerk of the County Court of Ohio County, West Virginia; thence with the southerly side of the National Road in an easterly direction a distance of four hundred and thirty-two feet to a point; thence by a straight line in the southwesterly direction a distance of fifty-eight feet to a point which is distant from the southerly line of the National Road by a line measured at right angles thereto, ten feet; thence in a southwesterly direction of distance of fifty-six feet to a point which is distant from the southerly line of the National Road by a line measured at right angles thereto, twelve feet; thence by a straight line at right angles to the southerly side

of the National Road to the middle of Wheeling Creek; thence in a westerly direction with the meanderings of said creek to the westerly line of the property of George Conrad; thence with said westerly line of George Conrad to theplace of beginning.

Said parcel is the same tract or parcel of land that was conveyed by George Conrad to Board of Commissioners of the County of Ohio, by deed dated May 28, 1903, and recorded in the said Clerk's office in Deed Book 112 at page 559.

Said property is conveyed subject, however, to all rights which were granted and conveyed by The Board of Commissioners of the County of Ohio to the Sanitary Board of the City of Wheeling and the City of Wheeling, a municipal corporation, by deed dated March 28, 1955 and recorded in the aforesaid County Clerk's office in Deed Book No. 368, at page 20.

IN WITNESS WHEREOF the said Board of Commissioners of the County of Ohio, State of West Virginia, has caused this deed to be signed by Edward F. McKee, its President, and its corporate seal hereunto affixed by authority duly given.

THE BOARD OF COMMISSIONERS OF THE COUNTY OF OHIO

By _____
Its President

(S E A L)

Attest:

_____
Clerk

(Signed by Board on date that shows)

STATE OF WEST VIRGINIA

COUNTY OF OHIO, TO-WIT:

I, _____, a Notary Public of the County of Ohio, do certify that Edward F. McKee, who signed the writing hereto annexed for The Board of Commissioners of the County of Ohio, a corporation, bearing date the _____ day of October, 1958, 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 October, 1958.

_____
Notary Public of, in and for Ohio County, State of West Virginia

* * * * * *

Clerk reported receipt of the following checks:

Ck. No.1550 dated October 3, 1958, amounting to $370.00, received from The Board of Commissioners of the County of Ohio, for feeding J/P prisoners in Ohio Co. jail during September, 1958. To be credited to Gen. Co. Fund.

Ck. No. 1171 dated October 4, 1958, amounting to $4.00, received from the Village of Bethlehem, for feeding prisoners during September, 1958. To be credited to Gen. Co. Fund.

U.S. Treas. Ck. No. 3,905,397 dated October 13, 1958, amounting to $71.63, for CAA Rental Contract. To be credited to Public Imp. Fund.

On motion duly seconded, the Board recessed until Friday, October 17, 1958 at 9:30 A.M.

Clerk

President

ATTEST: A TRUE AND ACCURATE COPY

Administrator

The Clerk reported receipt of correspondence from Mr. George P. Hansen, Chairman Ohio County Civil Defense Advisory Council:

CIVIL DEFENSE
Ohio County Chapter
Wheeling, W. Va.

November 7, 1958

Mr. Ed. McKee
1425 Chapline St.
Wheeling, W Va.

Dear Sir:

At the meeting of the Advisory Countil for Civil Defense in Ohio County, October 17, 1958, those members present, expressed the desire for the appointment of Mr. C. H. Draher as Director of Civil Defense in and for the County.

For your convenience there is enclosed a duplicate copy of this letter on which, I as Chairman of the Council, am requesting you indicate receipt of letter and your pleasure concerning the above mentioned appointment.

Very truly yours,

/s/ George P. Hansen, Chairman
Ohio County Civil Defense
Advisory Council

Commissioner Hal T. Kain then moved that on the recommendation of the Ohio County Civil Defense Advisory Council, the Board would endorse Mr. Chester H. Draher as Director of Civil Defense in and for Ohio County. Said motion was seconded by Commissioner Albert L. Kress, and unanimously carried.

The Clerk then reported that Airport Manager Charles J. Carter had received word from the insurance company that carried the one day airport property damage and liability insurance for the air show that was conducted by - John Morgan - on Sunday, October 19, 1958, sponsored by Windsor Volunteer Fire Department. In said correspondence, the company stated that no premium had ever been received, and as far as they were concerned, there was no insurance coverage for the day of the air show. After conferring with the Prosecuting Attorney, the Board felt that it was not involved with this insurance company and it would have to be straightened out with John Morgan or the Windsor Volunteer Fire Department.

On motion duly seconded, the Board recessed until Monday, November 17, 1958, at 9:30 A.M.

Mary F. Lewis
Clerk

Edward F. McKee
President

NOVEMBER 17, 1958 - MONDAY

The Board of Commissioners of the County of Ohio met at the Court House at 9:.30 A.M.

Present: President Edward F. McKee, Commissioners Hal T. Kain and Albert L. Kress.

The Wheeling-Ohio County Airport payrolls for the period of November 1 to and including November 15, 1958, were approved in the total amount of Two thousand five hundred twenty-seven dollars and thirty-seven cents ($2,527.37), and the Clerk was instructed to deduct Social Security in the total amount of Fifty dollars and thirteen cents ($50.13), and Withholding Tax in the total amount of Two hundred two dollars and eighty cents ($202.80), required by Federal law to be deducted from personal salaries.

The Mental Hygiene Commission reported - William Russell Vick - mentally ill and released into the custody of his brother, Edgar Roy Vick.

The Ohio County Department of Public Assistance presented requisition, duly certified and drawn in accordance with the public welfare law for the following:

General Relief Payroll	(cash awards)	$ 1930.00
Miscellaneous Aid		3793.35
Miscellaneous Aid		4321.09
	TOTAL	$10,044.44

Clerk reported receipt of the following correspondence:

WEST VIRGINIA
STATE DEPARTMENT OF PUBLIC ASSISTANCE
November 14, 1958

Ohio County

Mr. Harry Lewis, Clerk
Board of Commissioners of Ohio County
2217 Chapline St.=
Wheeling, W. Va.

Dear Mr. Lewis: RE: Harry Biery

The above-named man made application to this Department for County Home care. He was approved by Dr. Thomas L. Thomas and was to go to the home on November 14, 1958.

He has no resources of any type. His nearest relative is a daughter, Mrs. Betty Edge, 400 Ontario Street, Wheeling, West Virginia.

This is for your information.

Very truly yours,

/s/ (Miss) Virginia Knowles
Director, Ohio Co. DPA

The following correspondence was received from Clerk of the County Court, Raymond J. Falland:

RAYMOND J. FALLAND
Clerk of The County Court
of Ohio County
Wheeling, W. Va.
November 17th, 1958

Board of Commissioners
Ohio County
Wheeling, West Virginia

Gentlemen:

Please be advised that Mary V. Lally resigned as stenographer to this office as of October 31, 1958.

In her place and stead, and to the promotions, am requesting the follow. revisions to monthly salaries which will not vary fro the appropriation allotted to this office, to take effect as of November 1, 1958.

Robert V. Arkle	$366.00
Frances A. Jeavons	306.00
Madelyn M. Jun	250.00
Margaret T. Voellinger	245.00
Rose M. Chiazza	195.00=
Beverly Madl	188.00
Rita Holly	175.00
Patricia Piko	165.00
Diana Casper	165.00
Donna C. Huff	150.00

To the vacancy, am appointing Sue Ann Kuntz, 29 Bryan Street, at the salary of $142.00 beginning November 10, 1958.

Respectfully submitted,

/s/ Raymond J. Falland
Clerk County Court, Ohio Co., W.Va.

RJF/b

The Clerk of the Board was then authorized to make the necessary payroll changes.

Clerk reported receipt of correspondence from W.Va. Civil Defense Agency, and was instructed to include in minutes said correspondence in its entirety in order to keep the record established. (See letter next page)

WEST VIRGINIA CIVIL DEFENSE AGENCY
A Division of the
Adjutant General's Department
151 11th Avenue
South Charleston

17 November 1958

Subject: Inactivation of Ground Observer Corps

It is with regret that we inform you of the following decision which has been made of the Air Defense Command.

Effective 31 January, 1959, the Ground Observer Corps throughout the United States will be inactivated. The decision to eliminate the GOC as a function of Air Defense is based on the following consideration:

a. The expansion and improved operational capabilities of the air defense radar system provide increasing assurance that enemy manned-bomber strikes can be detected and identified before they reach the borders of the United States.

b. The increasing speed and effectiveness of the various types of aerial weapons must be matched by equal improvement in the speed and efficiency and the expansion of our radar detection and weapons guidance systems. The Air Force is meeting these requirements at an accelerated pace. As a result, the manually operated air defense of the past is being replaced by a semi-automatic air defense system known as SAGE (Semi-Automatic Ground Environment).

c. The Air Force responsibility to relieve the volunteers of a heavy burden of duties when development of the electronic air surveillance system will permit.

It is of the utmost importance that we exert every effort to assure that the good will of the GOC Volunteers toward Civil Defense be maintained after the inactivation is complete.

* * * * * * *

The following Resolution and Order prepared by Assistant Prosecuting Attorney W. Frank Keefer, was presented to the Board whose action was as follows:

A Resolution and Order providing for the creation of a public service district in Ohio County, West Virginia

*** **** ***

WHEREAS, there has heretofore been filed in the office of the Clerk of The Board of Commissioners of the County of Ohio, West Virginia, and presented to this Board a petition for the creation of a public service district in Ohio County, West Virginia; and

WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code this Board on October 17, 1958 entered an order fixing November 17, 1958, at ten o'clock, A.M. (E.S.T.) and the court room of this Court, at No. 2217 Chapline Street, Wheeling, West Virginia as the date, time and place of a public hearing on the creation of said public service district:

NOW, THEREFORE, Be it and it is Hereby Resolved and Ordered by The Board of Commissioners of the County of Ohio, West Virginia, as follows:

Section 1. The Board of Commissioners of the County of Ohio, West Virginia, hereby finds and declares that there has heretofore been filed in the office of the Clerk of this Court and presented by said Clerk to this Court a petition for the creation of a public service district in Ohio County,

West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and the name of the proposed public service district and which petition has been signed by more than one hundred legal voters residing and owning real property within the limits of the proposed public service district, and further finds and declares that said petition in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code and that all of the territory to be embraced by said proposed public service district is located in Ohio County, West Virginia.

Section 2. Said Board of Commissioners further finds that upon the filing of said petition, namely, on the 17th day of October, 1958, an order was entered by this Board, fixing the 17th day of November, 1958, at ten o'clock, a.m as the time, and the court room of this Board, as the place, for a hearing upon said petition, and directing the Clerk of this Board to publish in The Wheeling Intelligencer, a newspaper of general circulation published in Ohio County, West Virginia, a notice of the kind required by the statutes of the State of West Virginia, namely, W.Va. Code 16-13A-2,and that such notice was published in said newspaper at least ten days prior to said 17th day of November, 1958, namely, on November 5, 1958, which notice is here found and declared to be a full compliance with said statute and also said Order of this Board entered on the 17th day of October, 1958.

Section 3. On this date, namely, the 17th day of November, 1958, at ten o'clock, a.m., pursuant to said notice, a public hearing was held in the Court Room of this Board at the Court House of said County of Ohio, at which public hearing all persons residing in or owning or having any interest in property in the proposed public service district who appeared had an oppartunity to be heard for and against its creation, and a number of persons appeared, none of whom opposed, but all of whom advocated, the creation of a public service district as prayed in said Petition.

Section 4. At said hearing this Board considered the feasibility of the creation of the proposed public service district, and determined that the creation thereof is feasible and that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area.

Section 5. Accordingly there is hereby created the Ohio County Public Service District.

Section 6. Said District shall be a public corporation and political subdivision of the State of West Virginia, with power of perpetual succession, but without any power to levy or collect ad valorem taxes. It shall also have all powers granted to such corporations by Article 13A of

of Chapter 16 of the Code of West Virginia.

Section 7. The territory of said Public Service District shall embrace all territory of Ohio County, West Virginia, not included, at the date of the adoption of this order, within the corporate boundaries of any incorporated City, Town or Village.

Section 8. The powers of said Public Service District shall be vested in and exercised by a public service board consisting of three (3) members.

Section 9. None of the territory embraced within said Public Service District lying within any incorporated City, Town or Village, and therefore no such City, Town or Village having any right to appoint a member of the board of said district, the said Board of Commissioners of the County of Ohio, by virtue of the authority vested in it by Section 3 of Article 13A of Chapter 16 of the Code of West Virginia, does hereby appoint the following three members of said board, all of whom reside within said district, namely, (1) Charles C. Beneke, whose post office address is R.D. 1, Wheeling, West Virginia, and whose initial term of office shall expire on the first day of November, 1960; (2) Harley F. Baker, whose post-office address is 342 Fairmont Avenue , Wheeling, West Virginia, and whose initial term of office shall expire November 1, 1962, and (3) James H.Prager, Long View Acres, Wheeling, West Virginia, and whose initial term of office shall expire November 1, 1964.

A True Copy Teste:

Harry F. Lewis, Clerk

The next item to come before the Board's attention was that concerning a Mrs. Irene Laney, #50 Lane 15, who had fallen on the steps leading from the Sheriff's office, after she had transacted tax business. Ralph Wagner, upon reporting all the facts concerning this matter to the insurance company, had received word by telephone that the Adjustor of Claims for said agency felt there was no liability on the part of the County and said claim would in all probability not be honored. The Clerk was instructed to notify the Asst. Pros. Attorney of the aforementioned insurance agency attitude, (R.P.Herold Ins. Agency) and have them appear before the Board and discuss this matter further.

On motion duly seconded, the Board recessed until Wednesday, November 19, 1958, at 9:30 A.M.

Harry F. Lewis
Clerk

Edward F. McKee
President

NOVEMBER 19, 1958 - WEDNESDAY

The Board of Commissioners of the County of Ohio met at the Court House at 9:30 A.M.

Present: President Edward F. McKee, Commissioners Hal T. Kain and Albert L. Kress.

Application for correction of Erroneous Assessment was, on motion duly seconded, approved and ordered certified to the State Auditor, Sheriff and Assessor for the following:

NAME	AMOUNT	DISTRICT	CLASS
Chanek, Edwin	$29.95	Clay	3

ATTEST:
A TRUE AND ACCURATE COPY: Administrator

The Mental Hygiene Commission reported the following hearing:

Frances Grandstaff - who was declared not mentally ill.

Clerk reported receiving August Monthly statement of Clerk of Circuit Court, which was ordered filed.

The Clerk was instructed to issue correspondence in regard to Trans.of Funds from General County Fund to the C.C.B.M.C., in the amount of $5,000.00, (check No. 10597) dated September 11, which represents the third transfer from Ohio County for the year 1964-65.

Meeting then recessed until Monday, September 14, at 7:00 P.M.

Earl H. Bracken
Deputy Clerk

Chas. C. Beneke
President

SEPTEMBER 14, 1964 - MONDAY

The Board of Commissioners of the County of Ohio met at the County Court House at 7:00 P.M.

Present were: President Chas. C. Beneke, and Commissioners Cecil L.Hedrick and Warren W. Pugh. President Beneke presided.

Minutes of meeting held September 11 were read and approved.

The subject of hours the Voter's Registration office be kept open was discussed, and upon motion by Commissioner Pugh, seconded by President Beneke, it was decided that the office be kept open from 8:30 A.M. to 8:00 P.M. on dates of September 18, 25 and October 2, and from 8:30 A.M. until 6:00 P.M. on October 3.

The Mental Hygiene Commission reported hearing on -

Paul Joseph Fatckovitch - who was declared mentally ill and placed in custody of the Veterans' Admn. for care and treatment.

A letter was received from Mr. George A. Weisner, Secretary of the Bethlemen Fire Dept. Inc., making application for their annual contribution, and upon motion by Commissioner Pugh, seconded by President Beneke, the Clerk was ordered to have a check for $500.00 mailed to this organization.

A letter from the Honorable Robert C. Byrd, U.S.S., pertaining to his efforts in the Hazel-Atlas controversy, was read and ordered filed with the balance of the correspondence regarding this matter.

Notary Public application for - Henry F. Baker - was on motion, duly approved and ordered certified to the Governor.

The Ohio County Department of Welfare presented requisitions duly certified and drawn in accordance with the Public Welfare Law for the following:

General Relief Payroll	(cash awards)	$1835.00
Miscellaneous Aid		611.90
Miscellaneous Aid		4310.80
		$6757.70

Applications for correction of Erroneous Assessments were, on motion, duly seconded, approved and ordered certified to the State Auditor, Sheriff and Assessor for the following:

NAME	AMT.	DISTRICT
Naegele, Charles	$ 2.25	Clay
Arnold, Ophelia M.	63.06	Triad.-Whg.
Pure Oil Co.	160.96	Triad.-Whg.

The Board examined bills listed below, approved same and ordered paid:

GENERAL COUNTY FUND

Harriette A. Timbrook	$ 36.98	Agri.Agt.		
Carl H. Becker	8.57	Surplus Commod.		
Geo. Cook Dist. Co.	32.45	Co.San.	$ 10.35	
		F.Pris.F.	22.10-	$32.45
Whg. Whlse. Grocery Co.	29.50	Co.San.	3.65	
		F.Pris.F.	25.85-	29.50
Addressograph-Multigraph Corp.	89.45	Assessor	76.20	
		Co.Commrs.	13.25-	89.45
Lucile J. Schwinn	63.23	Clk.Cir.& Int.Ct.(Elec.Misc.L.)		
Wheeling Electric Co.	201.74	Co.Home	20.20	
		Dent.Home	20.20	
		Co.San.	161.34-	201.74
Ida Mae Stollar,Matron	59.50	Deten.H.		
Albert L. Habig	8.00	Felony		
Adolph H. Namik, Jr.	20.00	Inquest		
News Publishing Co.	20.79	Legal Adv.		

GENERAL COUNTY FUND

Deal's American Service	$ 55.80	Sheriff
McGrath's Esso Service	76.76	Sheriff
Schmidt Bros.	63.44	Sheriff
Schultze's Serv. Station	5.33	Sheriff
Schweizer Services	53.28	Sheriff
Gast Bakery, Inc.	75.72	F.Pris.F.

GENERAL SCHOOL FUND

Ann L. Andreone	281.50	Misdemeanor
Wm. Custer	3.50	"
Cathryn E. Muldoon	4.50	"
Ohio County Jail	291.00	Trans.Funds

Upon proper motion, duly seconded and carried, the regular order of business was suspended for the purpose of conducting a hearing pertaining to the extension of the water lines by the Ohio County Public Service District Board , as advertised under date of August 14, 1964, said hearing to be held August 31, but at the meeting if the last mentioned date, said hearing, by proper action of this Board, was continued until this 14th day of September.

The hearing was declared open by President Beneke, and Mr. Wm. Callahan, Attorney for the Ohio County Public Service District Board presented a Resolution adopted by the Bethany Town Council under date of August 4, 1964, which is as follows:

Town of Bethany
Bethany, West Virginia
August 5, 1964

AT THE REGULAR MEETING OF THE BETHANY TOWN COUNCIL HELD IN THE COUNCIL CHAMBERS ON AUGUST 4 THE FOLLOWING RESOLUTION WAS DULY APPROVED.

RESOLVED, THAT THE COMMON COUNCIL OF THE TOWN OF BETHANY HEREBY CONSENTS TO THE INCLUSION OF SAID TOWN WITHIN THE BOUNDARIES OF OHIO COUNTY PUBLIC SERVICE DISTRICT, AND HEREBY DIRECTS THE RECORDER OF SAID TOWN TO SEND BY CERTIFIED MAIL THREE CERTIFIED COPIES OF THIS RESOLUTION TO EACH OF THE FOLLOWING:

THE COUNTY COURT OF BROOKE COUNTY;

THE COUNTY COURT OF OHIO COUNTY;

THE CHAIRMAN OF THE PUBLIC SERVICE BOARD OF OHIO COUNTY PUBLIC SERVICE DISTRICT.

* * * * * * *

Attorney Callahan next presented proof of publication of said hearing in the Daily Herald published in the City of Wellsburg, West Virginia, in their edition of September 4, 1964, which Resolution is attached hereto, and made a part of the minutes of this meeting.

PROOF OF PUBLICATION

STATE OF WEST VIRGINIA, COUNTY OF BROOKE, ss.

I, Oral S. Riley, publisher of THE DAILY HERALD a daily newspaper published in the City of Wellsburg, County of Brooke, State of West Virginia, hereby certify that the annexed advertisement _____ was published in said newspaper for 1 consecutive weeks, commencing on the 4th day of September 19 64 and concluding on the _____ day of _____ 19____

_____ Publisher

Taken, sworn to and subscribed before me this 4th day of Sept. 19 64

_____ Notary Public

My commission expires March 11 1967

County Court having received and filed a certified copy of a resolution of the Common Council of said Town of Bethany consenting to the inclusion of said Town within said boundaries, and this County Court having received and filed a certified copy of an order and resolution of the County Court of Ohio County, West Virginia, entered August 10, 1964, in words and figures as follows:

"WHEREAS, by order of the County Court of Ohio County entered on the 17th day of November, 1953, following notice hearing as required by statute, said County Court established Ohio County Public Service District and fixed the boundaries of said Public Service District as follows:

The territory of said Public Service District shall embrace all territory of Ohio County, West Virginia, not included at the date of adoption of the aforesaid order, within the corporate boundaries of any incorporated city, town or village; and

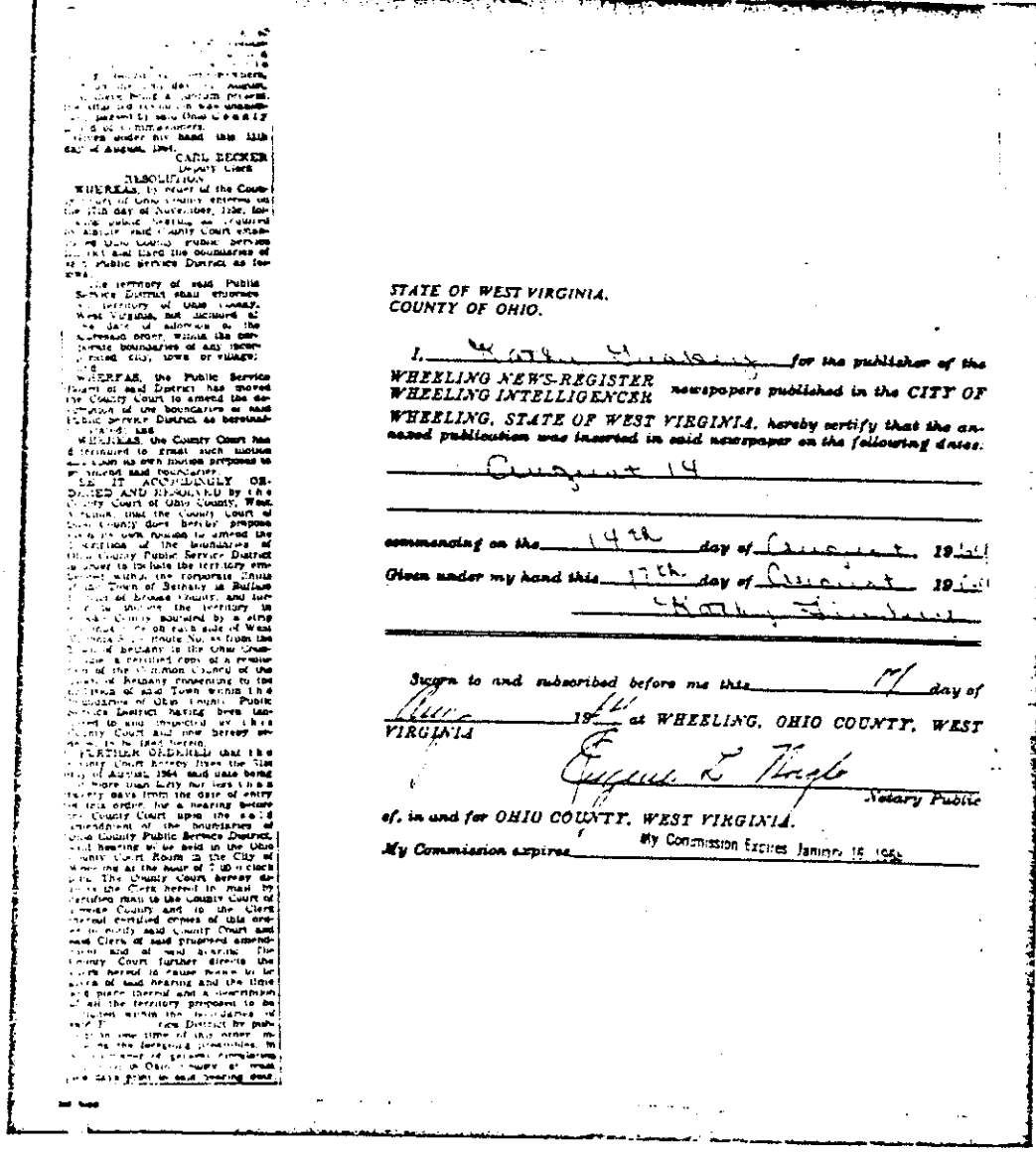
Council of the Town of Bethany consenting to the inclusion of said Town within the boundaries of Ohio County Public Service District having been tendered to and inspected by this County Court and is now hereby ordered to be filed herein.

"FURTHER ORDERED that the County Court hereby fixes the 31st day of August, 1964, said date being not more than forty nor less than twenty days from the date of entry of this order, for a hearing before the County Court upon the said amendment of the boundaries of Ohio County Public Service District, said hearing to be held in the Ohio County Court Room in the City of Wheeling at the hour of 7:00 o'clock p.m. The County Court hereby directs the Clerk hereof to mail by certified mail to the County Court of Brooke County and to the Clerk thereof certified copies of this order to notify said County

included within Ohio County Public Service District by publication one time of this entire order in a newspaper of general circulation published in Brooke County at least ten days prior to said hearing date, the costs of such publication to be paid by Ohio County Public Service District, and said Clerk is further directed to mail a certified copy of this order and resolution to the County Court of Ohio County.

Sept. 4

Attorney Callahan further presented a certified photo-copy of the Order passed by The Board of Commissioners of the County of Ohio, pertaining to this hearing, as it appeared in the Wheeling News-Register and Intelligencer under date of August 14, 1964, which copy is recorded in this Minute Book K-1 on pages Nos. 29-30, under date of August 10, 1964. Certificate of publication attached hereto and made a part of these minutes.



CARL BECKER
Deputy Clerk

RESOLUTION

WHEREAS, by order of the County Court of Ohio County, West Virginia, duly entered of record on the 11th day of November, 1963, following public hearing duly had on a petition presented to said County Court praying that said Court establish a new Ohio County Public Service District and fix the boundaries of said Public Service District as follows:

[illegible] territory of said Public Service District shall embrace the territory of Ohio County, West Virginia, not included at the date of adoption by the aforesaid order, within the corporate boundaries of any incorporated city, town or village;

AND WHEREAS, the Public Service Board of said District has moved the County Court to amend the description of the boundaries of said Public Service District as hereinabove set out; and

WHEREAS, the County Court has determined to grant such motion and to enlarge said boundaries;

NOW, THEREFORE, IT IS ACCORDINGLY ORDERED AND RESOLVED by the County Court of Ohio County, West Virginia, that the County Court of Ohio County does hereby propose and by this Order proposes to amend the description of the boundaries of Ohio County Public Service District so as to include the territory embraced within the corporate limits of the Town of Triadelphia in Ritchie District of Brooke County, and further to include the territory in Ohio County bounded by a line beginning at the point on the East side of West Virginia State Route No. 88 from the North boundary of the Ohio County Courthouse property, running thence with the Common Council of the Town of Triadelphia pertaining to the limits of said Town across the boundaries of Ohio County Public Service District being laid out and projected by this County Court and now hereby proposed to be laid out;

FURTHER ORDERED that this County Court hereby fixes the 5th day of August, 1964 said date being more than sixty but not more than ninety days from the date of entry of this order, for a hearing before the County Court upon the said amendment of the boundaries of Ohio County Public Service District, said hearing to be held in the Ohio County Court Room in the City of Wheeling at the hour of 7:00 o'clock p.m. The County Court hereby directs the Clerk hereof to mail by certified mail to the County Court of Brooke County and to the Clerk thereof certified copies of this order as entered by said County Court and said Clerk of said proposed amendment and of said hearing. The County Court further directs the Clerk hereof to cause notice to be given of said hearing and the time and place thereof and a description of all the territory proposed to be included within the boundaries of said Public Service District by publication in one issue of this order in each of the following newspapers in general circulation in Ohio County, West Virginia, said publication to be made prior to said hearing date.

[illegible]

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I, [illegible] for the publisher of the WHEELING NEWS-REGISTER / WHEELING INTELLIGENCER newspapers published in the CITY OF WHEELING, STATE OF WEST VIRGINIA, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

August 14

commencing on the 14th day of August 19[illegible]

Given under my hand this 17th day of August 19[illegible]

[illegible]

Sworn to and subscribed before me this 17th day of August 19[illegible] at WHEELING, OHIO COUNTY, WEST VIRGINIA

Eugene L. Fiegle
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires My Commission Expires January 16 1966

President Beneke then placed under Oath - Messrs. Prager, Heyl, Brill, and Miss Kessler, for questioning regarding this water extension project, whereupon Attorney Callahan asked the individuals as to whether or not they were acquainted with the territory to be served, whether they felt the water service offered possibilities which would induce population growth; whether or not the extended project would benefit the town of Bethany, and if this extension would assist the project financially, to which questions each individual answered in his or her reply, in an emphatic manner that they were acquainted with the territory to be served, that this extension would certainly stimulate building, that the town of Bethany was in dire need of an adequate water supply, and that in their opinion the engineering report of the system as prepared by Pride Associates was feasible.

Attorney Callahan then presented a Resolution and Order, which is as follows:

RESOLUTION and ORDER

Re: Ohio County Public Service District

At a regular meeting of the County Court of Ohio County, West Virginia, continued and held at the Courthouse of said County, Charles C. Beneke, Cecil Hedrick and Warren Pugh, Commissioners, being present thereat, on the 31st day of August, 1964, being the date fixed by prior action of the County Court for conducting the public hearing on the extension of the boundaries of Ohio County Public Service District, which District was originally created and established by the County Court by a resolution and order entered on the 17th day of November, 1958, the President announced that due publication of notice of such public hearing in accordance with an order entered by the County Court on the 11th day of August, 1964, had been made in the Wheeling Intelligencer and Wheeling News-Register on the 14th and 17th day of August, 1964, as appears from a Certificate of Publication tendered to the County Court and n ow filed herein and had also been made in the Daily Herald, a newspaper of general circulation published in Brooke County upon order of the County Court of Brooke County as appears from a certificate of publication tendered to the County Court and now filed herein, the hearing date of August 31, 1964, having been continued by the County Court on August 31, 1964, at the meeting of the County Court, to this date. Thereupon, all persons residing in or owning or having any interest in property in Ohio County Public Service District and in the territory embraced within the proposed extension of the boundaries of said District into Brooke County desiring to be heard for or against the extension of such boundaries were given full opportunity at a hearing held on this date before this County Court and several persons testified in favor of such extension and no one appeared in opposition thereto.

oOo

The County Court then further discussed the extension of the boundaries of said Ohio County Public Service District, whereupon, on unanimous vote of all the Commissioners, the following order and resolution was adopted, effective immediately:

ORDER AND RESOLUTION EXTENDING THE BOUNDARIES OF OHIO COUNTY PUBLIC SERVICE DISTRICT INTO BROOKE COUNTY AND RATIFYING AND CONFIRMING THE CREATION OF SAID

PUBLIC SERVICE DISTRICT AS SO EXTENDED.

WHEREAS, the County Court of Ohio County, West Virginia, did heretofore, by a resolution and order entered August 11, 1964, fix a date for a public hearing on the proposed extension of the boundaries of Ohio County Public Service District upon its own motion and in and by said resolution and order provided that the County Court of Brooke County and the Clerk thereof should be notified of such public hearing and ordered that all persons residing in or owning or having any interest in property in Ohio County Public Service District, as extended, might appear before the county Court and have an opportunity to be heard for and against such extension; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by Article 13A, Chapter 16 of the Code of West Virginia by this County Court and by the County Court of Brooke County and all interested persons having been afforded an opportunity to be heard for and against the extension of the boundaries of said District and no written protest having been filed by the requisite number of qualified voters registered and residing within the said District and the proposed extension thereof or otherwise and the County Court having given due consideration to all matters for which such hearing was had; and

WHEREAS, the County Court is of opinion and hereby determines that the extension of the boundaries of Ohio County Public Service District as provided in said resolution and order entered on August 11, 1964, is feasible and that water services proposed to be rendered by said District within its original and extended boundaries will be conducive to the preservation of public health, comfort and convenience in said District as so extended and that a resolution and order extending the boundaries of said District and ratifying and confirming the creation of said District as heretofore recited should be adopted;

NOW, THEREFORE, be it and it is hereby ordered and resolved by the County Court of Ohio County, West Virginia, as follows:

1. The creation of Ohio County Public Service District, heretofore created by this County Court by order entered November 17, 1958, embracing all territory of Ohio County, West Virginia, not included on said date within the corporate boundaries of any incorporated city, town or village, is hereby ratified and confirmed with additional territory extending into Brooke County, West Virginia, and embracing the incorporated Town of Bethany, which additional territory is described as follows:

> The territory embraced within the corporate limits of the Town of Bethany in Buffalo District of Brooke County, and further to include the territory in Brooke County bounded by a strip of one (1) mile wide on each side of West Virginia State Route No. 88 from the Town of Bethany to the Ohio County line,

a certified copy of a resolution of the Common Council of the Town of Bethany consenting to the inclusion of said Town within the

boundaries of Ohio County Public Service District having been tendered to and inspected by this County Court, and now hereby ordered to be filed herein. And this County Court does hereby create, ratify and confirm Ohio County Public Service District as a public service district embracing all said original territory and said additional territory and said District shall be deemed and considered to have been created and re-created in its entirety on the date hereof; provided, however, that all lawful actions taken and things done by the lawfully constituted Public Service Board of Ohio County Public Service District named in said resolution and order entered November 17, 1958, are hereby ratified and confirmed.

2. Said Public Service District as so extended shall have the name and corporate title of "Ohio County Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly by Article 13A, Chapter 16 of the Code of West Virginia.

3. This County Court has on the date hereof received and hereby orders to be filed herein, a certified copy of a resolution adopted by the Council of the Town of Bethany consenting to the inclusion of said Town within the boundaries of said District.

4. The County Court hereby reappoints, appoints and ratifies the appointment of the following three persons residing within said District as members of the Public Service Board of said District for the terms shown after their names:

   James H. Prager, for a term expiring November 1, 1964
   Robert A. Heyl, for a term expiring November 1, 1966
   Melvin Folmar, for a term expiring November 1, 1968

such terms to run until said date as set forth above.

5. This County Court having heard testimony at this hearing as to the feasibility of the extension of said District and the re-creation of said District with its original boundaries as so extended and as to the construction or acquisition and the maintenance, operation, improvement and extension of public service properties of said District, now hereby finds and determines that such extension and re-creation are feasible and that such construction, asquisition, maintenance, operation, improvement and extension will be conducive to the preservation of public health, comfort and convenience of the entire territory of said District, including that part in Brooke County.

6. It is the intent and order of this County Court, that all legal requirements therefor having been met, that Ohio County Public Service District be a public service district under the laws of West Virginia embracing all territory of Ohio County, West Virginia, not included on November 17, 1958, within the corporate boundaries of any incorporated city, town or village within Ohio County, and embracing the above described territory including the Town of Bethany within Brooke County, and that Ohio County Public Service District shall be considered to have been duly created on the date hereof with all territory hereinabove described and that all lawful actions by the Public Service Board of said District heretofore taken be and they are hereby fully ratified and confirmed.

* * * * * * * *

Upon motion by Commissioner Pugh, seconded by President Beneke and carried, the resolution was adopted. * * * * * * * *

I, Carl H. Becker, Deputy Clerk of the Board of Commissioners of the County of Ohio, hereby certify that the following is a true and exact copy of a resolution and order passed by The Board of Commissioners of the County of Ohio at a regular meeting held on the 14th day of September, 1964, and recorded in Minute Book K-1 , pages _____, of the Board of Commissioners of the County of Ohio.

Given under my hand this _____ day of September, 1964.

_____

Carl H. Becker, Deputy Clerk

* * * * * * * *

The hearing being completed, the regular order of business was resumed.

President Beneke advised the Board that Mr. Futhey had contacted him stating that the application for financial aid to the Community Facilities Division is ready for approval by the Board of Commissioners, and the Planning & Development Committee of the City Council; whereupon Commissioner Hedrick made a motion which was seconded by Commissioner Pugh, that said meeting be held on Friday, September 18, at 10:30 A.M. The Clerk was instructed to notify the members of the Council committee, together with Mr. Ward Elliott, Mr. Wm. Futhey, Assistant City Manager Albert D. Howe, and Mr. James Schellhase, the time and place of this meeting.

Dr. Robert Sonneborn then appeared before the Board, and advised that in compliance with the law, all narcotics on hand at the County Sanitarium, had been returned to the U.S. Treasury Department, Bureau of Narcotics, and requested instructions as to the disposition of medicines on hand, and certain chattels. Upon motion by Commissioner Hedrick, seconded by Commissioner Pugh and carried, it was decided that these chattels and medicines be given to the hospitals, medical centers or other public branches of the government who would have use for same, and the distribution be left to the good judgment of Dr. Sonneborn, with the exception of the typewriter and the X-Ray machine.

The Clerk reported that arrangements had been made with Carl Church and Charles Louk, to act as watchmen at the Sanitarium from three o'clock in the afternoon, until seven o'clock in the morning, which left the period from 7:00 A.M., until 3:00 P.M. with no one in attendance, effective September 30, 1964. The matter was discussed at some length, and the Clerk was instructed to contact Mrs. Mabel Bowman to ascertain if she would be interested in acting as an attendant at the Sanitarium from 7:00 A.M. until 3:00 P.M., and live at the Nurses home, in order that someone would be there throughout the night. Inasmuch as all emoluments, with exception of rent, light and heat, will cease as of September 30, the following amounts would be paid:

Mrs. Mabel Bowman	- Seven days a week -	$230.00 per month
Carl Church	- " " " -	240.00 " "
Charles Louk	- " " " -	230.00 " "

The Clerk was instructed to have the locks changed on the doors at the Nurses home, and a chain barrier placed across the road entering the County property.

The Clerk was further instructed to notify all employees of the Sanitarium that their services will be terminated as of September 30, 1964, but the Board will allow them two weeks severance pay.

This notice is also to express regrets that the lease with the Salvation Army could not be consummated, as it was the understanding that the Army would retain those of the present Sanitarium personnel who desired to stay. Further that Jerry Reinhardt and Charles Hall, be given notice to vacate the premises as soon as is possible to do so.

The Board then recessed meeting until Wednesday, September 16, 1964, at 12 o'clock Noon.

Earl K. Bucker
Deputy Clerk

Charles C Beneke
President

SEPTEMBER 16, 1964 - WEDNESDAY

A special meeting of The Board of Commissioners of the County of Ohio, was held at the Court House, Wednesday, September 16, at 12:00 o'clock noon.

Present were: President Charles C. Beneke, and Commissioners Cecil L. Hedrick and Warren W. Pugh. President Beneke presided.

The purpose of this meeting was to examine the minutes of the meeting held Monday, September 14. After reading said minutes, upon motion by Commissioner Pugh, seconded by President Beneke, they were approved as read.

There being no further business, the meeting recessed until Friday, September 18, at 10:00 A.M.

Earl K. Bucker
Deputy Clerk

Charles C Beneke
President

SEPTEMBER 18, 1964 - FRIDAY

The Board of Commissioners of the County of Ohio met at the County Court House at 10:00 A.M.

Present were: President Chas. C. Beneke, and Commissioners Cecil L.Hedrick and Warren W. Pugh. President Beneke presided.

Upon motion by Commr. Hedrick, seconded by Commr. Pugh, the minutes of the meeting of September 16 were read and approved.

The Mental Hygiene Commission reported the following hearings:

Jean Lynn Naegele
and
Cheryl Naegele - both suffering from mental deficiency and committed to the W. Va. Training School at St.Marys, W. Va.

Notary Public applications for - Steve Grammen and George K. Reed, were on motion, duly approved and ordered certified to the Governor.

Application for correction of Erroneous Assessments were, on motion duly seconded, approved and ordered certified to the State Auditor,Sheriff and Assessor for the following:

NAME	AMT.	DISTRICT
Bachmann Development Corp.	$375.60	Patterson
Campbell, James J.	34.88	Madison
Diss, Andrew V. & M.V.	8.06	Triad. - Wheeling
Maxwell,Allen L. & J.	114.02	Ritchie-Bethlehem

The Clerk reported receiving a request from Mrs. Mildred Fredrich,City-County Health nurse, for authority to transport a tubercular patient to Pinecrest Sanitarium. This patient was examined by Dr. Sonneborn, who made application for admittance of the patient to the Sanitarium. Mrs.Fredrich further made a request for an advance of $30.00 for expense of the trip, and an itemized account of her expenditures is to be submitted upon her return. Upon proper motion duly seconded and carried, the Clerk was instructed to approve the application for admission, and issue check to Mrs. Fredrich for the above amount requested.

The Clerk reported receiving the Brucellosis Test report from the County Veterinarian for the month of August. Said report was ordered filed.

ATTEST: A TRUE AND ACCURATE COPY
Administrator

IN THE MATTER OF
ENLARGING OHIO COUNTY
PUBLIC SERVICE DISTRICT
INTO MARSHALL COUNTY

On the 10th day of October, 1978, at a session of the Commission duly called and at which all of the Commissioners were present, the Commission conducted a public hearing in the Marshall County Commission Room at the Marshall County Courthouse in Moundsville, West Virginia, commencing at 10:00 o'clock A. M., to consider and determine the feasibility of the following proposals, which proposals were made by the Commission on its own motion by order duly adopted and entered on September 19, 1978:

1. That Ohio County Public Service District, a public corporation and political subdivision of the State of West Virginia which was heretofore created for the purpose of supplying water services within its existing territory be enlarged to include and embrace the additional territory as hereinbelow described:

Beginning at the West Virginia-Pennsylvania state line marker #31, which is located at the intersection of the Marshall County-Ohio County line with said state line.

Thence, from said point of beginning, and running with said state line, south 19, 710 feet, more or less, to the centerline of Enlow Fork in Majorsville;

Thence, running downstream in a southwesterly direction, with the centerline of Enlow Fork and thereby the south line of the old Sand Hill District, 5,600 feet, more or less, to the centerline intersection of said

Enlow Fork with Dunkard Fork, forming Wheeling Creek, at the northeast corner of the Marshall County Public Service District # 4;

Thence, continuing downstream in a westerly direction, with the centerline of Wheeling Creek and thereby the south line of the old Sand Hill District and the north line of said Public Service District # 4, 56,000 feet, more or less, to the centerline intersection of Wheeling Creek with Bald Eagle Run at the third described corner of said Marshall County Public Service District #4;

Thence, continuing downstream in a northerly direction, with the centerline of Wheeling Creek and thereby the west line of the Old Sand Hill District, 40,100 feet more or less, to the Marshall County-Ohio County line;

Thence, in an easterly direction, with said county line, 37,500 feet more or less, to the place of beginning containing 26.65 square mile, more or less and being the same area formerly known as the Marshall County, Sand Hill magisterial district.

THEREUPON came M. J. Montgomery, a citizen of Sand Hill District, who tendered to the Commission for filing the affidavit of Sandy Green for the publisher of the Wheeling News Register, of the publication of notice that this hearing would be held at this time and place, and as well she tendered for filing her own affidavit stating that she had posted said Notice as required by law. Said affidavits were thereupon ORDERED filed by the Commission. And the Commission then proceeded to hear and consider the comments of all of the persons in attendance, affording all of them the opportunity to be heard with respect to said proposal made by the Commission.

And after hearing the arguments in favor of said motion and finding that there was no opposition thereto, the Commission does make the following findings of fact:

1. That the Clerk of the Commission caused notice of said hearing and the time and place thereof, and setting forth a description of the additional territory proposed for inclusion in Ohio County Public Service District, to be published in the Wheeling News Register, a qualified newspaper of general circulation in Marshall County, West Virginia, on September 29, 1978 and October 2, 1978, the first notice being more than ten days prior to said hearing.

2. That more than ten days prior to said hearing, there was posted in at least five conspicuous places in the said territory proposed for inclusion in said District a notice containing the same information as was contained in the notice published on September 29, and October 2, 1978.

3. That affidavits filed heretofore, of the publication and posting of said notice were duly made by Sandy Green for the publisher of the said Wheeling News Register and by M. J. Montgomery both under oath, containing a copy of said notice as published and posted, showing the date of said publication and the costs thereof, and showing the date and places on and at which said M. J. Montgomery posted said notice, all in accordance with Chapter 59, Article 3, Section 4, of the Code of West Virginia of 1931, as amended.

4. That at said hearing on October 10, 1978, which was conducted not more than forty days and not less than twenty days from the date of the said Motion of the Commission making the aforesaid proposals and fixing said date for said hearing, no oral or written protest was made or filed by any person or persons to the aforesaid proposals.

5. That the enlargement of Ohio County Public Service District to include and embrace the additional territory set forth and hereinbefore described, within both its existing territory and said additional territory, and to include the construction or acquisition by purchase or otherwise, and the maintenance, operation, improvement, and extension of, public service properties supplying such water services, will be conducive to the preservation of public health, comfort and convenience of the existing territory of said District, will be conducive to the preservation of public health, comfort, and convenience of the additional territory proposed for inclusion in said District, and will be conducive to the preservation of public health, comfort, and convenience of

said existing and additional territories combined.

6. That it is necessary, feasible, and proper to carry into effect said proposal made by the Commission by its said Motion duly adopted and made on September 19, 1978.

7. That the description of the additional territory proposed for inclusion in said District as the same are set forth in the said Notice is sufficient to identify the territory embraced therein, and no cities, incorporated towns, or other municipal corporations, and no territory of any other public service district, are included in said territory.

On the motion of Commissioner G. Charles Hughes, which was seconded by Commissioner Richard B. Ward and unanimously carried, it is accordingly

ADJUDGED and ORDERED by the Commission that Ohio County Public Service District, a public corporation and political subdivision of the State of West Virginia, be, and it is hereby, enlarged to include and embrace the additional territory set forth and described in paragraph one of the finding of fact herein and that the said Ohio County Public Service District as so enlarged, shall hereby include and embrace all of the territory set forth and described in said paragraph; and it is further

ADJUDGED and ORDERED that the said Ohio County Public Service District, as hereinbefore enlarged is hereby invested with and granted all of the rights, powers, and authority conferred by the laws of the State of West Virginia, and particularly by Article 13A of Chapter 16 of the Code of

West Virginia of 1931, as amended, upon public service districts created, constituted, established, and organized to furnish and supply both water facilities and services and sewerage facilities and services; and it is finally

ORDERED by the Commission that the present members of the governing board of the said Ohio County Public Service District each having been appointed and qualified heretofore, shall continue in office for the durations of their respective terms of office.

ENTER this 10th day of October, 1978.

COUNTY COMMISSION OF MARSHALL COUNTY,

By Richard B. Ward
President

This is a true copy of an order submitted to the Marshall County Commission on the 10th day of October, 1978.

TESTE:

Clerk, County Commission
Marshall County, West Virginia

THE OHIO COUNTY COMMISSION
OF THE COUNTY OF OHIO

The Ohio County Commission of the County of Ohio met in the Board Room of the County Court House on Friday, October 6, 1978, at 2:35 p.m.

The meeting was called to order by Commissioner Anthony and those in attendance were Commissioner David R. DeProspero, Administrator Thomas C. Samol and Legal Counselor Landers P. Bonenberger. Absent was President John I. Tominack.

Commissioner DeProspero made a motion, seconded by Commissioner Anthony, that the reading of the minutes of the regular meeting held on September 20, 1978, and the minutes of the special meeting held on September 25, 1978, be dispensed with and approved as presented. Motion carried.

STAFF REPORTS

Election Clerk Neva Wolen reported to the Commission that her office has been really busy with voters registering. Administrator Samol assisted Election Clerk Wolen with the programming test and everything is in real good shape.

Administrator Thomas Samol stated that all County offices will be closed Monday, October 9, 1978, in observance of Columbus Day, except those offices required by statute to remain open.

Legal Counselor Landers Bonenberger requested the Commission to review the proposed lease with West Virginia Energys regarding the leasing of ground at the Ohio County Airport and also the proposed lease with the Ohio Valley Regional Transportation Authority regarding ground transportation to and from the Ohio County Airport.

Counselor Bonenberger reported orally to the Commission that he received a call from the Attorney General's Office concerning expenses incurred at the hospital for patients taken there by municipal police prior to being taken to the sheriff for custody. According to the assistant attorney that Counselor Bonenberger spoke to, he indicated that if a state or municipal authority takes a prisoner to the hospital for treatment, they are responsible for any expenses incurred in the treatment.

The modus operandi in Kanawha County is that the Sheriff will refuse custody of any prisoner who is in need of any medical treatment and requires whoever places the individual under arrest to take them to the hospital, guard them at the hospital at the arresting authority's expense until they are in a condition to be placed in the jail.

Counselor Bonenberger added that he will place in writing to the Commission his opinion after he has received the written opinion from the Attorney General's Office.

The following subjects were discussed regarding the proposed lease with West Virginia Energys:

1. The need for the bid process on the construction of the proposed hangar.

2. West Virginia Energys is to purchase their fuel from Ohio County Airport authorities.

3. The Ohio County Commission have some kind of process of review in what type of building(s) are constructed on the leased ground.

4. The omission of "the consent will not be arbitrarily or unreasonably withheld" regarding the right of assignment.

5. Clarifying "the Consumer Price Index".

CORRESPONDENCE

A letter has been received from Marshall County Prosecuting Attorney Mark Karl advising the Ohio County Commission that the Marshall County Commission has approved an extension of the Ohio County Public Service District to include the Sand Hill area.

A letter has been received from the Blue Ribbon Committee of the City of Wheeling extending their invitation for a member of the Ohio County Commission to serve on its committee.

Commissioner Anthony made a motion, seconded by Commissioner DeProspero, appointing Commissioner DeProspero to serve on the Blue Ribbon Committee as a representative of the Ohio County Commission. Motion carried.

Notification has been received from the Economic Development Administration regarding the 10% minority business on the new annex project that the Commission had requested. A waiver for the minority business has been granted with a 6.4% minority participation.

OLD BUSINESS

Commissioner DeProspero made a motion, seconded by Commissioner Anthony, that $1,800.50 be granted to the Ohio County Youth Services in view of the fact that the City of Wheeling has also granted $1,800.50. The County's share will come from Reimbursable Contingences. Motion carried.

Commissioner DeProspero made a motion, seconded by Commissioner Anthony, to approve the agreement between the Ohio County Commission and the Ohio Valley Regional Transportation Authority regarding ground transportation at the Ohio County Airport contingent upon O.V.R.T.A.'s approval. Motion carried.

NEW BUSINESS

Commissioner DeProspero made a motion, seconded by Commissioner Anthony, that the Notary Public Applications for M. A. K. Omarzai, Phyllis I. Russell, Joseph V. Dusci, Mary P. Lewyn, Pauline A. Brandon, Ernest E. Bentfield, Patricia P. Tolbert, Raymond Tolbert, Patricia Tolbert, Jeanne E. Springer, Thomas O. McKean and Arthur L. McKenzie be approved as submitted. Motion carried.

BILLS TO BE PAID

Commissioner DeProspero made a motion, seconded by Commissioner Anthony, that the bills be paid as submitted. Motion carried.

There being no further business at this time, the meeting was adjourned at 3:10 p.m. The next regular meeting will be held on Wednesday, October 18, 1978.

John I. Tominack, President

Thomas C. Samol, Administrator

ATTEST: A TRUE AND ACCURATE COPY

Administrator

MISCELLANEOUS ORDERS

REGULAR ADJOURNED SESSION OF THE COUNTY COURT OF BROOKE COUNTY, WEST VIRGINIA

HELD MONDAY, AUGUST 17, 1964

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The County Court of Brooke County, West Virginia met in regular session this 17th day of August 1964 at 6:30 P. M. at the Courthouse.

Present: Walter Harvey, President
J. A. Mulhollen and Bernard V. Kelly, Sr. Commissioners
E. C. Sommerville, Clerk

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A discussion was held by the Court concerning a resolution received by the Brooke County Court signed by the Ohio County Court with regards to the Ohio County Public Service District to be extended into Brooke County for the purpose of supplying water to the Incorporated Town of Bethany and also includes territory along Route 88, which is not under the jurisdiction of the town of Bethany. The Court delayed action on the matter until they receive legal advice on the matter. The Court also agreed that the matter should be taken up with the Brooke County Planning Commission.

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REGULAR ADJOURNED SESSION OF THE COUNTY COURT OF BROOKE COUNTY, WEST VIRGINIA

HELD THURSDAY, September 3, 1964

-o-

The County Court of Brooke County, West Virginia met in regular adjourned session this 3rd. day of September 1964 at 6:30 P. M. at the Courthouse.

Present: Walter Harvey, President
J. A. Mullhollen and Bernard V. Kelly, Sr. Commissioners
E. C. Sommerville, Clerk

-o-

Mr. Charles D. Bell, Assistant Prosecuting Attorney met with the Court and discussed the proposed extension of the Ohio County Public Service District into Brooke County, for the purpose of supplying water to that area.

A motion was made by J. A. Mulhollen and seconded by Bernard V. Kelly, Sr. that the following resolution be adopted.

N O T I C E

I. E. C. Sommerville, Clerk of the Brooke County Court, do hereby certify that at a regular meeting of said Brooke County, Court held on the 3rd. day of September, 1964, there being a quorum present, the attached Resolution was unanimously passed by said Brooke County Court.

Given under my hand this 3rd day of September, 1964.

E. C. Sommerville
Clerk

R E S O L U T I O N

BE IT HEREBY ORDERED AND RESOLVED BY THE COUNTY COURT OF BROOKE COUNTY, WEST VIRGINIA, that this County Court having received due notice of a hearing before the County Court of Ohio County, West Virginia, to be held upon the proposed amendment and extension of the boundaries of of Ohio County Public Service District to include the Town of Bethany and other territory within Brooke County, and this County Court having received and filed a certified copy of a resolution of the Common Council of said Town of Bethany consenting to the inclusion of said Town within said boundaries, and this County Court having received and filed a certified copy of an order and resolution of the County Court of Ohio County, West Virginia, entered August 10, 1964, in words and figures as follows:

"WHEREAS, by order of the County Court of Ohio County entered on the 17th day of November, 1958, following public hearing as required by statute, said County Court established Ohio County Public Service District and fixed the boundaries of said Public Service District as follows:

> The Territory of said Public Service District shall embrace all territory of Ohio County, West Virginia, not included at the date of adoption of the aforesaid order, within the corporate boundaries of any incorporated City, town or village; and

"WHEREAS, the Public Service Board of said District has moved the County Court to amend the description of the boundaries of said Public Service District as hereinafter stated; and

"WHEREAS, the County Court has determined to grant such motion and upon its own motion proposes to so amend said boundaries;

"BE IT ACCORDINGLY ORDERED AND RESOLVED by the County Court of Ohio County, West Virginia, that the County Court of Ohio County does hereby propose upon its own motion to amend the description of the boundaries of Ohio County Public Service District in order to include the territory embraced within the corporate limits of the Town of Bethany in Buffalo District of Brooke County, and further to include the territory in Brooke County bounded by a strip one mile wide on each side of the West Virginia State Route #88 from the Town of Bethany to the Ohio County line, a certified copy of a resolution of the Common Council of the Town of Bethany consenting to the inclusion of said Town within the boundaries of Ohio County Public Service District having been tendered to and inspected by this County Court and now hereby ordered to be filed herein.

"FURTHER ORDERED that the County Court hereby fixes the 31st day of August, 1964, said date being not more than forty not less than twenty days from the date of entry of this order, for a hearing before the County Court upon the said amendment of the boundaries of Ohio County Public Service District, said hearing to be held in the Ohio County Court Room in the City of Wheeling at the hour of 7:00 o'clock p.m. The County Court hereby directs the Clerk hereof to mail by certified mail to the County Court of Brooke County and to the Clerk thereof certified copies of this order to notify said County Court and said Clerk of said Clerk of said proposed amendment and of said hearing. The County Court further directs the Clerk hereof to cause

notice to be given of said hearing and the time and place thereof and a description of all the territory proposed to be included within the boundaries of said Public Service District by publication one time of this order, including the foregoing preambles, in a newspaper of general circulation published in Ohio County at least ten days prior to said hearing date, the costs of such publication to be paid by Ohio County Public Service District."

Thereafter, on the 31st day of August, 1964 at 7:00 o'clock p.m. the County Court of Ohio County extended the time for such hearing to the 14th day of September, 1964, at 7:00 o'clock p. m.

The Clerk of this County Court is hereby directed to cause notice of such hearing and the time and place thereof and a description of all territory proposed to be included within Ohio County Public Service District by publication one time of this entire order in a newspaper of general circulation published in Brooke County at least ten days prior to said hearing date, the costs of such publication to be paid by Ohio County Public Service District, and said Clerk is further directed to mail a certified copy of this order and resolution to the County Court of Ohio County.

The Court ordered that a legal notice be published in the Wellsburg Daily Herald in the September 4, 1964 issue notifying the public of a hearing to be held before the Ohio County Court in Wheeling, at the Courthouse on September 14, 1964 at 7:00 P. M.

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ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

ED 11-1C

OHIO COUNTY COMMISSION

The Ohio County Commission met in regular session on October 29, 1986 at 3:40 p.m.

The meeting was called to order by President Samuel J. Anthony and those present were Commissioner John I. Tominack, Commissioner John E. Fahey, Administrator Thomas C. Samol and Counselor Landers P. Bonenberger.

Commissioner Fahey moved, seconded by Commissioner Anthony, to approve the minutes of the meeting held on October 15, 1986. Motion carried.

PERSONS TO BE HEARD

Health Right Inc. - Mrs. Sharpenberger told the Commission the Clinic was established because of the high cost of health care. The client has to meet two criteria 1) they have to meet the poverty guidelines and 2) they cannot have medical insurance. Very basic primary health care is provided. The Clinic is on Monday night from 6:00 til 9:00 p.m.

Ohio Valley Drug - Walter Williams told the Commission that they are here today for a Public Hearing for the bond issue that was approved on July 3, 1986 for 5 million dollars. No one appeared to speak at the Hearing. Commissioner Tominack moved, seconded by Commissioner Fahey, to accept and adopt the Resolution as presented. Motion carried. The final closing will be held sometime in December.

Annexation request by City of Wheeling - Paul McIntire requested the Commission permission to annex 1.04 acre of Oakmont Hills by minor boundary adjustment. The Developer and Owner has asked the City of Wheeling to petition the County Commission for annexation so that all of Oakmont Hills will be in the City. The Commission said that they will have a Public Hearing in regards to the minor boundary adjustment request.

Commissioner Tominack moved, seconded by Commissioner Fahey, to reappoint Dan Dickinson for a 6 year term to the Ohio County Public Service District. Motion carried.

STAFF REPORT

Tom Tominack, Airport Manager requested the Commission to advance the State's 40% funding so that the crash/rescue vehicle can be purchased at this time. The Commission directed the Airport Manager to request the ok of the State so as not to jepordize the State funding.

Administrator Samol brought up the Assessor's request for funding of one month salary for the appraiser. Commissioner Fahey moved, seconded by Commissioner Tominack, to increase the budget of the Assessor to cover the one month salary and benefits. Motion carried.

President Anthony told the Commission that 6 counties have joined together to establish a Service Delivery Area for the application for Federal JTPA funds.

BILLS TO BE PAID

Commissioner Fahey moved, seconded by Commissioner Tominack, to pay the bills as presented. Motion carried.

Commissioner Fahey urged everyone to get out and vote.

The Commission set the Canvass to meet at 2 p.m. Monday, November 10 and recess until 2 p.m. on Thursday November 13.

There being no further business the meeting was adjourned. The next Commission meeting will be held on Thursday November 13 at 1:30 p.m.

Samuel J. Anthony, President

Thomas C. Samol, Administrator

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THE OHIO COUNTY COMMIS ON
OF THE COUNTY OF OHIO

The Ohio County Commission of the County of Ohio met in the Board Room in the Courthouse for their Regular Meeting held on Thursday, October 11, 1984 at 3:00 P.M.

The meeting was called to order by President John I. Tominack and those in attendance were Commissioner Samuel J. Anthony, Thomas C. Samol, Administrator and Legal Counselor Landers P. Bonenberger. Commissioner John E. Fahey was absent.

Commissioner Anthony made a motion, seconded by President Tominack to dispense with the reading of the minutes of the September 26, 1984 meeting and accept them as presented. Motion carried.

PERSONS TO BE HEARD

Mr. James Gardill appeared representing Forward-Tele Productions Bond Issue. He noted the Commission adopted a Commercial Development Bond Issue for Forward-Tele Productions to finance the expansion of the WTRF television studio. Mr. Gardill presented documents transferring the responsibility of the bond issue to Westray, Inc., new owners of the studio.

Commissioner Anthony made a motion, seconded by President Tominack to authorize the President of the Ohio County Commission to execute the necessary documents on behalf of Forward-Tele Productions Inc. Motion carried.

BID

Commissioner Anthony made a motion, seconded by President Tominack to reject the bid for the tractor at the Airport and to seek other bids at a later date. Motion carried.

OLD BUSINESS

Commissioner Anthony made a motion, seconded by President Tominack to adopt the Salvage Yard Permit as presented. Motion carried. Said permit being made a part of these minutes.

Commissioner Anthony requested a letter of protest be sent to thw W. Va. Legislature regarding the statutory fee chared for the Salvage Yard Permit application. He noted the $25.00 fee charged does not cover for the process of the application.

APPOINTMENT

Commissioner Anthony made a motion, seconded by President Tominack to reappoint Mr. James Boyd to serve on the Ohio County Public Service District Board commencing on November 1, 1984 through October 31,1990. Motion carried.

President Tominack requested a letter be sent to Wheeling Electric Co. thanking them for letting Mr. Boyd serve on the Ohio County Public Service District Board.

STAFF REPORTS

Administrator Samol reported that one of the new elevators in the City-County Building should be operational in about two to three weeks.

Administrator Samol reported all of the software problems regarding the new phone system have been corrected.

Administrator Samol reported the final inspection of the partial parallel taxiway at the Airport will take place on October 17, 1984 at 1:00 P.M.

BILLS TO BE PAID

Commissioner Anthony made a motion, seconded by President Tominack that the bills be paid as presented. Motion carried.

President Tominack expressed his concern on the rate increase the Public Service Commission has granted to the City of Wheeling for water. He noted this increase is about 85% and will be an exorbitant amount to the customers outside the City. He noted the Ohio County Public Service District can increase their rates by 15% which in total would be an 100% increase.

There being no further business at this time, the meeting was properly adjourned at 3:40 P.M. The next Regular Meeting will be held on Wednesday, October 24, 1984 at 3:00 P.M.

John I. Tominack, President

Thomas C. Samol, Administrator

The Ohio County Commission of the County of Ohio met in the Board Room in the Courthouse for their Regular Meeting held on Friday, October 15, 1982 at 9:00 AM.

The meeting was called to order by President John I. Tominack and those in attendnace were Commissioners Samuel J. Anthony, David R. DeProspero, Administrator Thomas C. Samol and Legal Counselor Landers P. Bonenberger.

Commissioner DeProspero made a motion, seconded by Commissioner Anthony that the reading of the minutes of the Regular Meeting held on September 22, 1982 and the Special Meeting held on September 28, 1982 be dispensed with and be accepted as presented. Motion carried.

NOTARY PUBLIC APPLICATIONS

Commissioner Anthony made a motion, seconded by Commissioner DeProspero that the Notary Public Applications of Mary H. Kahle, Allen D. Kahle Jr., D. Reed Burke, Thomas A. Buono, Gillian R. Simon, Beverly M. Toncic, Mary K. Calbone, Edith I. Sheets, Kevin A. Stryker, James G. Bordas Jr., be accepted as presented. Motion carried.

CAR BIDS

Administrator Samol reported he has received three bids for the 1982 4-Wheel Drive Vehicle for the Sheriff's Department. The following bids were opened: Valley Lincoln Ford in the amount of $10,920.00; Ron Baker Chrysler Dodge in the amount of $11,341.00 and King Chevrolet in the amount of $11,167.00.

Commissioner DeProspero made a motion, seconded by Commissioner Anthony to take these bids under advisement for review. Motion carried.

APPOINTMENT

Commissioner DeProspero made a motion, seconded by Commissioner Anthony to reappoint Bob Luchetti to serve on the Board of the Ohio County Public Service District from November 1, 1982 to November 1, 1988. Motion carried.

OLD BUSINESS

Commissioner DeProspero made a motion, seconded by Commissioner Anthony to execute the agreement between the Ohio County Commission and the Bel-O-Mar Regional Council to administrator the HUD grant for the Cedar Rock Sewer Project. Motion carried.

STAFF REPORTS

Administrator Samol reported to the Commission that on Tuesday, October 26, 1982 at 11:00 AM the est will be run for the voting equipment to be used for the General Election.

Administrator Samol reported he has received a report from the Office of Revenue Sharing stating the Revenue Sharing Program runs out on September 30, 1982 and will be the last entitlement period unless Congress takes it up and reauthroizes the Revenue Sharing Program.

Administrator Samol reported he has received a program evaluation from the Governor's Office of Economic and Community Development on the Clean Streams Program held this summer and noted that Ohio County has received a good rating.

BILLS TO BE PAID

Commissioner Anthony made a motion, seconded by Commissioner DeProspero that the bills be paid as presented. Motion carried.

COMMISSIONER'S REMARKS

Commissioner Anthony reminded Ohio Valley residents of the Public Hearing to be held on October 18, 1982 at 7:00 PM at Independence Hall by the Public Service Commission regarding the requested rate increase from the Columbia Gas Company. He urged all resident to attend.

There being no further business at this time, the meeting was properly adjourned at 9:30 AM. The next Regular Meeting will be held on October 26, 1982 at 10:30 AM.

At this time, President Tominack reconvened the meeting for the purpose of considering the Sheriff's car bids.

Commissioner Anthony made a motion, seconded by Commissioner DeProspero that the bid submitted by Valley Ford Lincoln Mercury in the amount of $10,920.00 be accepted as presented. Motion carried.

There being no further business at this time, the meeting was properly adjourned at 9:35 AM.

John Tominack

John I. Tominack, President

Thomas C. Samol, Administrator

OHIO COUNTY COMMISSION

The Ohio County Commission met in regular session on October 29, 1986 at 3:40 p.m.

The meeting was called to order by President Samuel J. Anthony and those present were Commissioner John I. Tominack, Commissioner John E. Fahey, Administrator Thomas C. Samol and Counselor Landers P. Bonenberger.

Commissioner Fahey moved, seconded by Commissioner Anthony, to approve the minutes of the meeting held on October 15, 1986. Motion carried.

PERSONS TO BE HEARD

Health Right Inc. - Mrs. Sharpenberger told the Commission the Clinic was established because of the high cost of health care. The client has to meet two criteria 1) they have to meet the poverty guidelines and 2) they cannot have medical insurance. Very basic primary health care is provided. The Clinic is on Monday night from 6:00 til 9:00 p.m.

Ohio Valley Drug - Walter Williams told the Commission that they are here today for a Public Hearing for the bond issue that was approved on July 3, 1986 for 5 million dollars. No one appeared to speak at the Hearing. Commissioner Tominack moved, seconded by Commissioner Fahey, to accept and adopt the Resolution as presented. Motion carried. The final closing will be held sometime in December.

Annexation request by City of Wheeling - Paul McIntire requested the Commission permission to annex 1.04 acre of Oakmont Hills by minor boundary adjustment. The Developer and Owner has asked the City of Wheeling to petition the County Commission for annexation so that all of Oakmont Hills will be in the City. The Commission said that they will have a Public Hearing in regards to the minor boundary adjustment request.

Commissioner Tominack moved, seconded by Commissioner Fahey, to reappoint Dan Dickinson for a 6 year term to the Ohio County Public Service District. Motion carried.

STAFF REPORT

Tom Tominack, Airport Manager requested the Commission to advance the State's 40% funding so that the crash/rescue vehicle can be purchased at this time. The Commission directed the Airport Manager to request the ok of the State so as not to jepordize the State funding.

Administrator Samol brought up the Assessor's request for funding of one month salary for the appraiser. Commissioner Fahey moved, seconded by Commissioner Tominack, to increase the budget of the Assessor to cover the one month salary and benefits. Motion carried.

President Anthony told the Commission that 6 counties have joined together to establish a Service Delivery Area for the application for Federal JTPA funds.

BILLS TO BE PAID

Commissioner Fahey moved, seconded by Commissioner Tominack, to pay the bills as presented. Motion carried.

Commissioner Fahey urged everyone to get out and vote.

The Commission set the Canvass to meet at 2 p.m. Monday, November 10 and recess until 2 p.m. on Thursday November 13.

There being no further business the meeting was adjourned. The next Commission meeting will be held on Thursday November 13 at 1:30 p.m.

Samuel J. Anthony, President

Thomas C. Samol, Administrator

ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

ED 11-1C

STATE OF WEST VIRGINIA,
COUNTY OF OHIO, To-wit:

I, James C. Boyd, Jr., do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will faithfully discharge the duties of the office of Member of the Board of the Ohio County Public Service District to the best of my skill and judgment. So help me God.

James C. Boyd, Jr.

Subscribed and sworn to by the said James C. Boyd, Jr., before me, the undersigned, this 9th day of May, 1986.

Chester W. Kloss
Clerk of the County Commission
of Ohio County, West Virginia.

My term expires:

December 31st, 1986

STATE OF WEST VIRGINIA,
COUNTY OF OHIO, To-wit:

I, Daniel W. Dickinson Jr., do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will faithfully discharge the duties of the office of Member of the Board of the Ohio County Public Service District to the best of my skill and judgment. So help me God.

Daniel W. Dickinson, Jr.

Subscribed and sworn to by the said Daniel W. Dickinson, Jr. before me, the undersigned, this 27th day of SEPTEMBER, 1988.

Chester W. Kloss
Clerk of the County Commission
of Ohio County, West Virginia.

My term expires:
DEC. 31, 1992

STATE OF WEST VIRGINIA,
COUNTY OF OHIO, To-wit:

I, Robert R. Luchetti, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will faithfully discharge the duties of the office of Member of the Board of the Ohio County Public Service District to the best of my skill and judgment. So help me God.

Robert R. Luchetti

Subscribed and sworn to by the said Robert R. Luchetti, before me, the undersigned, this 14th day of May, 19 86.

Clerk of the County Commission
of Ohio County, West Virginia.

My term expires:

December 31st, 1986

RULES OF PROCEDURE

OHIO COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: OHIO COUNTY PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at 411 National Road, Triadelphia, West Virginia.

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

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

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (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 Ohio County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

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

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

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

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

Section 3. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least three (3) days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special

sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the front door of the Ohio County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board of the time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the Public Service Board at the front door to the Ohio County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least forty-eight hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

OHIO COUNTY PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Ohio County Public Service District will meet in special session on _____, at _____ .m., prevailing time, at _____, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of the District, in the principal amount of $_____, to provide

funds for construction of _____ facilities of the District.

2.

_____
Secretary

Date: _____

ARTICLE V

OFFICERS

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

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

ARTICLE VI

DUTIES OF OFFICERS

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

behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

05/22/86
OHPSD4-G

MINUTES OF ORGANIZATIONAL MEETING FOR CURRENT YEAR

On August 30, , 1988 , a meeting was held at Triadelphia , West Virginia, to nominate and reelect officers for the year 1988 for Ohio County Public Service District Board.

The meeting was called to order by Chairman, James C. Boyd, Jr. , and the following people were nominated and elected to the following offices:

Chairman - James C. Boyd, Jr.

Secretary/Treas- Daniel W. Dickinson, Jr

Member
~~Treasurer~~ - Robert R. Luchetti

After business of electing officers was completed, the motion was made and seconded that the meeting be adjourned.

James C. Boyd Jr

Chairman, Public Service Board
Ohio County Public Service District

Daniel W. Dickinson

Secretary, Public Service Board
Ohio County Public Service District

05/06/88
HOLD-H

SPECIAL MEETING/PHASE II-B HELD SEPTEMBER 28, 1988 . . . . . .

A Special Meeting to Adopt Resolution 1-Bond & Note resolution/ and 2- Supplemental resolution documents was held at 411 National Road, Triadelphia, WV, on September 28, 1988, in the Board's meeting room at 12 o'clock noon.

Those in attendance were:

Mr. James C. Boyd, Jr., Chairman
Mr. Daniel Dickinson Sec'y/Treas.
Mr. Robert Luchetti, Member
Mr. Thadd Obecny,Auditor
Mr. Rich Naret, Cerrone & Associates
Mr. George Blum, Cerrone & Associates
Mr. Ed Clifford, Manager
D. Hamilton
Mr. John Bailey, Attorney

The meeting was called by Chairman James Boyd.

Motion was made to Adopt Resolution 1- Bond & Notes Resolution and 2- Supplemental Resolution Documents by Mr. Daniel Dickinson and seconded by Mr. James Boyd for resolutions 1 & 2.

Mr. John Bailey -a motion be made to authorize any one or all Board Members to sign any documents. Mr. Robert Luchetti made a motion to authorize any one or all Board Members to sign any documents with Mr. Dan Dickinson seconding.

Meeting adjourned.

Chairman

Secretary

THIS AGREEMENT, Made this 19th day of September, 1979, by and between THE CITY OF WHEELING, a municipal corporation of the State of West Virginia, hereinafter called "City," and the OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia, hereinafter called "District."

WHEREAS, there now exists between the parties a formal agreement dated March 5, 1969, which agreement sets forth all of the terms and conditions upon which the City provides water to the District for its water system and upon which the District receives and pays for the water so provided; and

WHEREAS, the District is refinancing its existing bonded indebtedness and borrowing additional funds for extensions to its water system into areas of Ohio County which are not now served by the District, and the refunding bonds to be issued will be payable over a period of forty years; and

WHEREAS, the District has requested an extension of the term of its existing contract from March 5, 2009, for an additional eleven years, to March 5, 2020, in order that the District can guarantee to its bondholders the existence of a contract covering the period of the bond issue; and the City and District desire to execute a supplemental agreement to guarantee water to the District until March 5, 2020;

NOW, THEREFORE, it is mutually agreed between the parties as follows:

The existing contract between the parties, dated March 5, 1969, is hereby extended for an additional period of eleven years from and after the expiration of the existing term thereof (March 5, 2009) and until the 5th day of March, 2020, upon the same terms and conditions as are set forth in said agreement dated March 5, 1969.

were not served by the original construction contemplated under said agreement dated July 7, 1964, and City and District desire to execute a new agreement under which City will provide water to District for its existing system and the contemplated additions thereto;

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth, it is mutually agreed between the parties as follows:

(1) In order that the Ohio County Public Service District may extend and enlarge its presently existing water system and serve new customers not included in the area of Ohio County contemplated by said agreement between the parties dated July 7, 1964, the City agrees with the District that it will, for a period of forty (40) years from and after the date of this agreement, furnish water to District for use at all points of its water system in providing water service throughout the existing system and the contemplated additions thereto, at a rate of flow which throughout the 24-hour period of each day shall not exceed 810 gallons per minute. In the event that there is an actual shortage of water and the City gives District notice that it must limit its water supply because of said actual water shortage, then the rate of flow to be furnished may be reduced to 784 gallons per minute. If City notifies District of the need to so limit its water supply, or notifies District of any unforeseen temporary and critical situation which of necessity causes a limitation of water supply, District agrees to cooperate to the fullest extent possible. For water so furnished, City will charge District the rates of the City of Wheeling now existing and approved by the Public Service Commission of West Virginia on February 3, 1964, effective March 1, 1964; Schedule No. 1 and Schedule No. 2 of said rates being made a part of this agreement by reference

as fully as if copied and incorporated herein. Any future change in the water rates of the City of Wheeling, approved by the Public Service Commission of West Virginia subsequent to the date of this agreement, shall from the effective date of such change apply to water furnished under this agreement, and shall be binding on the parties hereto.

(2) The City agrees that the Ohio County Public Service District shall have the right to connect with existing water mains of the City at such point or points as shall be agreed upon by the City Engineer, acting for The City of Wheeling, the method or manner for making such connection to be under the supervision of the City Engineer of The City of Wheeling.

(3) All booster or pumping stations serving the system of the District shall be located and constructed by it. Where any pumping or booster station connection or other installation is located upon ground belonging to the City, the City agrees that it will convey to the District such rights of way and easements as may be necessary.

(4) The meters indicating the water furnished to Ohio County Public Service District shall be located at points to be designated by the City Engineer of The City of Wheeling.

(5) It is covenanted and agreed between the parties that that portion of the water system of the District which is constructed within the Northern Parkway Area, as herein described, shall be constructed according to the standards of City which it applies to its own water system using the size of water mains required by the City, as approved in writing by the City Engineer of The City of Wheeling. The City Engineer of The City of Wheeling shall at any time have the right to inspect the work being done

by the contractors of Ohio County Public Service District in order to determine that the Northern Parkway portion of the District system is being constructed according to City standards and size of mains required, but all inspections undertaken and performed by the City shall be at its expense. Outside the Northern Parkway Area, the District's Engineer shall have the right to design the District water system according to established engineering practice for suburban areas, in accordance with nationally recognized AWWA and ASA standards.

(6) The Northern Parkway Area herein referred to is described as follows: Beginning at the most northeasterly corner of Warwood Terrace, thence following parallel to Glenns Run and its southern fork and 1000 feet south thereof, to the westerly line of Shawnee Hills; thence with the westerly line of Shawnee Hills, to the Greggsville, Clinton and Potomac Road; thence with said road and the boundary of Oglebay Park to the easterly line of Leewood Park; thence with the easterly line of Leewood Park to a point 1000 feet south of State Route #88; thence east, parallel to Route #88 and 1000 feet distant therefrom, to a point 1000 feet west of Peters Run Road; thence, parallel to the Peter's Run Road and 1000 feet west thereof, to the present corporation line of the City of Wheeling; thence with the corporation line to the place of beginning.

(7) It is agreed between the parties hereto that all expenses, costs, fees and charges incurred in the construction of the water system of District, except inspection costs of the City of Wheeling specifically set out in Paragraph 5, shall be at the sole expense of the Ohio County Public Service District.

(8) It is expressly agreed that the City shall have the right to interconnect its water lines with the lines to be constructed by the District for the purpose of improving service to customers within the area presently served by water lines of the City, or for the purpose of rendering service to customers within the area defined in Paragraph 6, lying between areas then served by either of the parties. All costs of any such interconnection shall be at the sole expense of the City of Wheeling, and such arrangements for metering the water passing through City lines and District lines so interconnected shall be then made as shall be satisfactory to the parties. In the event the City system taps or extensions are supplied by lines of the District, the metered quantity of water used by the City shall be in addition to the daily limitation of Paragraph 1 of this agreement.

(9) It is further agreed between the parties that the City may tap its present customers into those mains of the District which are adjacent to and so located that they can reasonably serve such present customers, if the mains of the District have been completed for at least five years and such customers have not elected to connect their water system with the District. In such event, the volume of water metered to such customers shall be deducted from the master meter serving the District, and no payment shall be made therefor, provided that said customers are served without booster service. If a customer of the City is supplied with water which requires booster service of the District, then the City shall pay to the District the mutually established booster surcharge per 1,000 gallons. In instances where the District has excess pressure over the City service, and the City connects to the District system, then all responsibility for

pressure control shall become the responsibility of the City, and the City shall indemnify and save harmless the District from all claims relating to pressure damage arising therefrom.

(10) The revenue bonds heretofore issued and sold by the Ohio County Public Service District to secure funds to construct its presently existing water distribution system provided that The City of Wheeling should have the right at any time during the life of said bond issue, namely, forty (40) years, to furnish water directly to the water customers of District at the rates and charges then in effect for water customers of City, upon the written assumption by the City of the obligation to comply with all of the terms and conditions of said revenue bond issue. In the event City should hereafter elect to assume all of the obligations of said revenue bond issue, the holders of said bonds shall be entitled to all of the rights and remedies afforded them under the terms and provisions of the laws of the State of West Virginia now or hereafter enacted pertaining to the issuance of revenue bonds for the construction of a municipal water distribution system.

(11) It is agreed between the parties that the revenue bonds which will be hereafter issued and sold by the District to secure funds to construct additions to its presently existing water distribution system, shall expressly provide that The City of Wheeling shall have the right at any time during the life of said bond issue, namely forty (40) years from and after the date of said bonds, to furnish water directly to the water customers of the District upon payment by said customers of rates and charges then in effect for water customers of City, upon the written assumption by The City of Wheeling of the obligation to comply with all of the terms and provisions

of such revenue bond issue of the Ohio County Public Service District. In the event the City elects to assume all of the obligations of such revenue bond issue of the Ohio County Public Service District, the holders of said bonds shall be entitled to all of the rights and remedies afforded them under the terms and provisions of the laws of the State of West Virginia now or hereafter enacted pertaining to the issuance of revenue bonds for the construction of a municipal water distribution system.

(12) It is further agreed between the parties that when said revenue bonds heretofore issued and said revenue bonds to be hereafter issued by the Ohio County Public Service District for the construction of its existing water distribution system and its aforementioned additions thereto have been paid in full, that said water distribution system, together with the additions thereto, shall at the election of The City of Wheeling be transferred and conveyed by District to City. No further consideration other than this agreement of City to furnish water to District shall be paid to District by City for the conveyance and transfer of said water distribution system and said additions thereto from District to City. The election of City to have said existing water distribution system and said additions thereto transferred to it after said revenue bonds have been paid in full shall be made in writing within ninety (90) days from the date the City receives written notice from District that all of said revenue bonds have been paid in full. District agrees that within thirty (30) days after all of its said revenue bonds have been paid in full that it will give written notice of such payment to City.

(13) It is further agreed that as this agreement incorporates and amends the previous agreement between the parties dated July 7, 1964,

this agreement shall after the execution and delivery thereof become the only agreement between the parties, and said agreement dated July 7, 1964, is hereby rescinded.

IN WITNESS WHEREOF, The City of Wheeling has caused this agreement to be signed in its behalf by Thomas W. Lewis, its City Manager, and its corporate seal to be hereunto affixed by Robert L. Plummer, its City Clerk, by authority of an ordinance of the Council of The City of Wheeling regularly adopted on the 5th day of ~~November~~ March, 196~~8~~9; and Ohio County Public Service District, a public corporation, has caused this agreement to be signed by George Snyder, Chairman of the Board of the Ohio County Public Service District, and its corporate seal to be hereunto affixed by authority of a resolution of the Board of Ohio County Public Service District regularly adopted on the 23rd day of ~~November~~ January, 1969.

THE CITY OF WHEELING, A MUNICIPAL CORPORATION,

(Corporate Seal)

By Thomas W. Lewis
Its City Manager

OHIO COUNTY PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION,

(Corporate Seal)

By George Snyder
Chairman of the Board

IN WITNESS WHEREOF, The City of Wheeling has caused this agreement to be signed in its behalf by F. Wayne Barte, its Assistant City Manager, and its corporate seal to be hereunto affixed by Betty Lou Palmer, its City Clerk, by authority of an ordinance of the Council of The City of Wheeling regularly adopted on the 18th day of SEPTEMBER, 1979; and Ohio County Public Service District, a public corporation, has caused this agreement to be signed by Roland L. Hobbs, Chairman of the Board of the Ohio County Public Service District, and its corporate seal to be hereunto affixed by authority of a resolution of the Board of Ohio County Public Service District regularly adopted on the 26th day of July, 1979.

THE CITY OF WHEELING, A MUNICIPAL CORPORATION,

(Corporate Seal)

Attest: Betty Lou Palmer

By F. Wayne Barte
Its Assistant City Manager

OHIO COUNTY PUBLIC SERVICE DISTRICT, A PUBLIC CORPORATION,

(Corporate Seal)

By
Chairman of the Board

September 1, 1979

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING THE CITY MANAGER TO EXECUTE A PROPOSED AGREEMENT BETWEEN THE CITY OF WHEELING AND THE OHIO COUNTY PUBLIC SERVICE DISTRICT EXTENDING THE TERM OF THE EXISTING AGREEMENT, DATED MARCH 5, 1969, BY ELEVEN YEARS.

WHEREAS, The City of Wheeling and the Ohio County Public Service District on March 5, 1969, entered into an agreement by which the City committed itself to providing water to the District until March 5, 2009; and

WHEREAS, the District now desires to extend that term, and the City is willing;

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF WHEELING:

Section 1. The City Manager is hereby authorized to execute that certain proposed agreement between The City of Wheeling and the Ohio County Public Service District, which agreement extends the term of the existing agreement dated March 5, 1969 by eleven years. A copy of the proposed agreement is attached hereto and by this reference made a part hereof.

Section 2. This ordinance shall be effective from the date of its passage.

By Mr. Stenger

JWE: _____

FAJ: AJ

PASSED BY THE COUNCIL OF THE CITY OF WHEELING, W. VA. AT A REGULAR MEETING HELD ON THE 18th DAY OF September 1979

Stephen L. Stenger
MAYOR

I hereby certify that this is a true copy of an ordinance adopted by the Council of the City of Wheeling at its regular meeting held on September 18, 1979 and recorded in Ordinance Book No. 16.

Given under my hand and the seal of the City this 19th day of September, 1979.

Betty Lou Johnson
City Clerk

THIS AGREEMENT, Made this ___th day of ~~November~~ October, 1965, by and between THE CITY OF WHEELING, a municipal corporation of the State of West Virginia, hereinafter called "City", and the OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia, hereinafter called "District".

WHEREAS, prior to August, 1963, the District made formal application to City for water to be used by it in providing water service to customers residing within Ohio County and within the area of the Ohio County Public Service District not then served by the City of Wheeling, the water service of the District to be then constructed for certain areas of Ohio County; and,

WHEREAS, at its regular meeting on the 13th day of August, 1963, the Council of The City of Wheeling agreed that the City of Wheeling would provide water to the Ohio County Public Service District for the water system to be then constructed, at rates existing and approved by the Public Service Commission of West Virginia, and would permit the Ohio County Public Service District to connect with existing water mains of the City of Wheeling at points to be agreed upon between the parties; and

WHEREAS, said application for water and the City agreement to serve were embodied in a formal agreement entered into between City and District, dated the 7th day of July, 1964, which agreement set forth all of the terms and conditions upon which the City would provide water to the water system of the District which was then to be constructed, and upon which the District would receive and pay for the water so provided; and

WHEREAS, the District now intends to extend its water system by providing additional lines and water service to areas in Ohio County which

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
J. ROBERT GWYNNE
WILLIAM E. GALEOTA
GORDON H. COPLAND

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

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1000 HAMPTON CENTER
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MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
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RANDALL C. LIGHT
CHRISTOPHER R. BASTIEN
STEVEN P. McGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLPH FIFE
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI
JOSEPH R. FERRETTI
MARK E. KINLEY
EDWARD R. KOHOUT
MARCIA J. POLLARD
BRYAN R. COKELEY
PATRICK D. KELLY
FRANCESCA TAN
CHRISTINE S. VAGLIENTI

OF COUNSEL
ROBERT W. LAWSON, JR.
RALPH BOHANNON
ERNEST C. SWIGER

WRITER'S DIRECT DIAL NUMBER

September 30, 1988

Ohio County Public Service District
Sewer Revenue Bonds, Series 1988 A
and
Sewerage System Bond Anticipation Notes, Series 1988

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Gentlemen:

Enclosed herewith are two completed and executed Internal Revenue Service Forms 8038-G and file copies thereof with regard to the above-captioned bond and bond anticipation note issues. Please file the original forms in the appropriate Internal Revenue Service records and return the copies marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

Vince Collins

Enclosure
Copy of letter with enclosure to:
Samme L. Gee, Esquire
John Bailey, Esquire

09/30/88
OCPII1-M

Form **8038-G**
(December 1986)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bond Issues

▶ Under Section 149(e)
(Use Form 8038-GC if issue price is under $100,000.)

OMB No. 1545-0720
Expires 12-31-89

Part I Reporting Authority — Check box if **Amended Return** ▶ ☐

1 Issuer's name: Ohio County Public Service District

2 Issuer's employer identification number: 55-0478910

3 Number and street: 411 National Road

4 Report number: G198 8 - 1

5 City or town, state, and ZIP code: Tridelphia, WV 26059

6 Date of issue: 9/30/88

Part II Type of Issue (check box(es) that applies)

		Issue Price
7	☐ Check box if bonds are tax or other revenue anticipation bonds ▶	
8	☐ Check box if bonds are in the form of a lease or installment sale ▶	
9	☐ Education	
10	☐ Health and hospital	
11	☐ Transportation	
12	☐ Public safety	
13	☒ Environment (including sewage bonds) Sewer Revenue Bonds, Series 1988 A	$694,925
14	☐ Housing	
15	☐ Utilities	
16	☐ Other. Describe (see instructions) ▶	

Part III Description of Bonds

		(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17	Final maturity	10/1/28	9.0%	$ 59,447	$ 59,447			
18	Entire issue			694,925	694,925	*29.4 years	9.0%	9.0%

Part IV Uses of Original Proceeds of Issue (including underwriters' discount)

19	Proceeds used for accrued interest	19	-0-
20	Proceeds used for bond issuance costs (including underwriters' discount) (Cap interest)	20	95,708
21	Proceeds used for credit enhancement	21	-0-
22	Proceeds allocated to reasonably required reserve or replacement fund	22	64,798
23	Proceeds used to refund prior issues	23	-0-
24	Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24	534,419

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

25 Enter the remaining weighted average maturity of the bonds to be refunded ▶ _____ years

26 Enter the last date on which the refunded bonds will be called ▶ _____

27 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue ▶

29 Arbitrage rebate:

a Check box if the small governmental unit exception to the arbitrage rebate requirement applies ☐

b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply ☐

c Check box if you expect to earn and rebate arbitrage profits to the U.S. ☒

30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) ▶

31 Pooled financings:

a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units ▶ ☐ and enter the amount ▶

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶ ☒ and enter the name of the issuer ▶ W. Va. Water Development Authority and the date of the issue ▶ 4/28/88

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete.

Signature of officer: James C. Boyd Jr. — Date: September 30, 1988 — Title: Chairman

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

Form **8038-G** (12-86)

*Equal amortized payments for period of 38 years; first 18 months interest only.

Form **8038-G**
(December 1986)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bond Issues

▶ Under Section 149(e)
(Use Form 8038-GC if issue price is under $100,000.)

OMB No. 1545-0720
Expires 12-31-89

Part I Reporting Authority — Check box if **Amended Return** ▶ ☐

1 Issuer's name: Ohio County Public Service District
2 Issuer's employer identification number: 55-0478910
3 Number and street: 411 National Road
4 Report number: G198 8 - 2
5 City or town, state, and ZIP code: Tridelphia, WV 26059
6 Date of issue: 9/30/88

Part II Type of Issue (check box(es) that applies)

		Issue Price
7	☐ Check box if bonds are tax or other revenue anticipation bonds ▶	
8	☐ Check box if bonds are in the form of a lease or installment sale ▶	
9	☐ Education	
10	☐ Health and hospital	
11	☐ Transportation	
12	☐ Public safety	
13	☒ Environment (including sewage bonds) Sewerage System Bond Anticipation Notes, Series 1988	$1,164,129
14	☐ Housing	
15	☐ Utilities	
16	☐ Other. Describe (see instructions) ▶	

Part III Description of Bonds

		(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17	Final maturity	10/1/28	7 1/2%	$85,632	$85,632			
18	Entire issue			1,164,129	1,164,129	*29.4 years	7 1/2%	7 1/2%

Part IV Uses of Original Proceeds of Issue (including underwriters' discount)

19	Proceeds used for accrued interest	19	-0-
20	Proceeds used for bond issuance costs (including underwriters' discount) (Cap interest and COI)	20	$144,263
21	Proceeds used for credit enhancement	21	-0-
22	Proceeds allocated to reasonably required reserve or replacement fund	22	92,806
23	Proceeds used to refund prior issues	23	-0-
24	Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24	$927,060

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

25 Enter the remaining weighted average maturity of the bonds to be refunded ▶ _____ years
26 Enter the last date on which the refunded bonds will be called ▶ _____
27 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue ▶
29 Arbitrage rebate:
a Check box if the small governmental unit exception to the arbitrage rebate requirement applies ☐
b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply ☐
c Check box if you expect to earn and rebate arbitrage profits to the U.S. ☒
30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) ▶
31 Pooled financings:
a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units ▶ ☐ and enter the amount ▶
b Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶ ☐ and enter the name of the issuer ▶ and the date of the issue ▶

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of officer: James C. Boyd Jr. — Date: September 30, 1988 — Title: Chairman

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: September 30, 1988

(See Reverse for Instructions)

ISSUE: Ohio County Public Service District Sewer Revenue Bonds, Series 1988 A

ADDRESS: 411 National Road, Trfdelphia, WV COUNTY: Ohio

PURPOSE OF ISSUE: New Money X / Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: September 30, 1988 CLOSING DATE: September 30, 1988

ISSUE AMOUNT: $ 694,925 RATE: 9.0%

1st DEBT SERVICE DUE: April 1, 1989 1st PRINCIPAL DUE: October 1, 1990

1st DEBT SERVICE AMOUNT: ____ PAYING AGENT: ~~One Valley Bank~~ MBC-OVB

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins

Phone: 624-8000

CLOSING BANK: The First National Bank & Trust Company of Wheeling

Contact Person: Gerry Halverson

Phone: 242-4000

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Ed Clifford

Position: General Manager

Phone: 547-5133

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee

Phone: 340-1318

ESCROW TRUSTEE: N/A

Contact Person: ____

Phone: ____

OTHER: ____

Contact Person: ____

Function: ____

Phone: ____

DEPOSITS TO MBC AT CLOSE:

By ____ Wire
X Check

____ Accrued Interest: $ ____
X Capitalized Interest: $ 95,708
X Reserve Account: $ 64,798
____ Other: ____ $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By ____ Wire
____ Check
____ IGT

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

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: ____

TRANSFERS REQUIRED: ____

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: September 30, 1988

(See Reverse for Instructions)

ISSUE: Ohio County Public Service District Sewer Revenue Bonds, Series 1988 A/B

ADDRESS: 411 National Road, Tridelphia, WV COUNTY: Ohio

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: September 30, 1988 CLOSING DATE: September 30, 1988

ISSUE AMOUNT: $ 173,731 RATE: 0.0%

1st DEBT SERVICE DUE: October 1, 1990 1st PRINCIPAL DUE: October 1, 1990

1st DEBT SERVICE AMOUNT: ____ PAYING AGENT: ~~One Valley Bank~~ MBC-CIF

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins

Phone: 624-8000

CLOSING BANK: The First National Bank & Trust Company of Wheeling

Contact Person: Gerry Halverson

Phone: 242-4000

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Ed Clifford

Position: General Manager

Phone: 547-5133

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee

Phone: 340-1318

ESCROW TRUSTEE: N/A

Contact Person: ____

Phone: ____

OTHER: ____

Contact Person: ____

Function: ____

Phone: ____

DEPOSITS TO MBC AT CLOSE:

By ____ Wire
X Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
X Reserve Account: $ 4,455
____ Other: ____ $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By ____ Wire
____ Check
____ IGT

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

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: ____

TRANSFERS REQUIRED: ____

U.S. ENVIRONMENTAL PROTECTION AGENCY

GRANT ~~AGREEMENT~~ AMENDMENT

GRANT IDENTIFICATION NO. C 5 4 0 2 2 1 0 3 0

CHECK APPLICABLE ITEM(S)

GRANT AGREEMENT

GRANT AMENDMENT

X SUBSEQUENT RELATED PROJECT (WWT)

DATE OF AWARD (Obligation date): SEP 21 1977

TYPE OF ACTION: Continuation

PART I—GENERAL INFORMATION

1. GRANT PROGRAM: Municipal Wastewater Treatment Works

2. STATUTE REFERENCE: 33 USC 1281 et. seq.

3. REGULATION REFERENCE: 40 CFR, Parts 30 & 35

4. GRANTEE ORGANIZATION

a. NAME: Ohio County Public Service District

b. EMPLOYER I.D. NO. (EIN): 55 047 8910 001

c. ADDRESS: 411 National Road, Triadelphia, West Virginia 26059

5. PROJECT MANAGER (Grantee Contact)

a. NAME: George Snyder

b. TITLE: General Manager

c. TELEPHONE NO. (Include Area Code): 304/547-1288

d. ADDRESS: Ohio County Public Service District, 411 National Road, Triadelphia, West Virginia 26059

6. PROJECT OFFICER (EPA Contact)

a. NAME: R. F. Roudabush

b. TITLE: Chief, West Virginia Section

c. TELEPHONE NO. (Include Area Code): 215/597-9890

d. ADDRESS: Environmental Protection Agency, Water Division (3WA53), Curtis Building, 6th & Walnut Streets, Philadelphia, Pennsylvania 19106

7. PROJECT TITLE AND DESCRIPTION

The Step III project consists of the construction of collector and interceptor systems and wastewater treatment facilities to serve the Short Creek and Wheeling Creek Watersheds of the Ohio County Public Service District, West Virginia. The eligible project includes allowable associated costs as defined in 40 CFR 35.940-1 up to the amounts shown in Part II of the Grant Amendment.

PROJECT STEP (WWT): III

8. DURATION

PROJECT PERIOD (Dates): September, 1977 - April, 1980

BUDGET PERIOD (Dates): N/A

9. DOLLAR AMOUNTS

TOTAL PROJECT COSTS	$12,660,000	EPA GRANT AMOUNT ~~XXXXXXXX~~	$8,367,820
TOTAL ELIGIBLE COSTS (WWT)	$11,157,100	UNEXPENDED PRIOR YR. BAL. (EPA Funds)	N/A
TOTAL BUDGET PERIOD COSTS	N/A	THIS ACTION (This obligation amount)	$8,367,820

10. ACCOUNTING DATA

APPROPRIATION	DOC. CONTROL NO.	ACCOUNT NO.	OBJ. CLASS	AMOUNT CHANGED
68X0103.7	W6C093	T364036006	41 11	$1,611,148
68X0103.9	W70094	7765036006	41 11	$6,756,672

11. PAYMENT METHOD

ADVANCES (___% of awards) (X) REIMBURSEMENT

OTHER

SEND PAYMENT REQUEST TO: Grants Administration Branch

12. PAYEE (Name and mailing address, include ZIP Code): Ohio County Public Service District, 411 National Road, Triadelphia, West Virginia 26059

EPA Form 5700-20A (Rev. 8-76) REPLACES EPA FORM 5700-20 (REV. 4-75) WHICH IS OBSOLETE AND EPA FORM 5700-21

30

PART II–APPROVED BUDGET

TABLE A - OBJECT CLASS CATEGORY (Non-construction)	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL N/A	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Grantee % Federal %)	
12. TOTAL APPROVED GRANT AMOUNT	$

TABLE B - PROGRAM ELEMENT CLASSIFICATION (Non-construction)	
1.	
2.	
3.	
4.	
5.	
6. N/A	
7.	
8.	
9.	
10. TOTAL (Share: Grantee % Federal %)	
TOTAL APPROVED GRANT AMOUNT	$

TABLE C - PROGRAM ELEMENT CLASSIFICATION (Construction)	
1. ADMINISTRATION EXPENSE	$ 69,726
2. PRELIMINARY EXPENSE	
3. LAND STRUCTURES, RIGHT-OF-WAY	
4. ARCHITECTURAL ENGINEERING BASIC FEES	275,031
5. OTHER ARCHITECTURAL ENGINEERING FEES	106,526
6. PROJECT INSPECTION FEES	585,894
7. LAND DEVELOPMENT	
8. RELOCATION EXPENSES	
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
10. DEMOLITION AND REMOVAL	
11. CONSTRUCTION AND PROJECT IMPROVEMENT	9,200,000
12. EQUIPMENT	
13. MISCELLANEOUS	
14. TOTAL (Lines 1 thru 13)	
15. ESTIMATED INCOME (If applicable)	
16. NET PROJECT AMOUNT (Line 14 minus 15)	
17. LESS: INELIGIBLE EXCLUSIONS	
18. ADD: CONTINGENCIES	919,923
19. TOTAL (Share: Grantee 25 % Federal 75 %)	$ 11,157,100
TOTAL APPROVED GRANT AMOUNT	$ 8,367,820

467,4

General Conditions:

The grantee covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this grant, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The grantee warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFR Part 30, and (2) any special conditions set forth in this grant agreement or any grant amendment pursuant to 40 CFR 30.425.

b. **Special Conditions:**

1. Regulations

The grantee's attention is particularly directed to the following provisions contained in 40 CFR, Chapter I, Subchapter B, Part 35, Subpart E:

(a) The grantee's procurement practices shall be in conformance with 40 CFR 35.935-2 and 35.939.

(b) In accordance with 40 CFR 35.935-12(c), payment shall not be made for (1) more than 50 percent of the Federal share of the project unless the grantee has furnished a draft operation and maintenance manual for review, or adequate evidence of timely development of such draft, or (2) more than 90 percent of such Federal share unless the grantee has furnished a satisfactory final operation and maintenance manual.

(c) In accordance with 40 CFR 35.935-13, payment shall not be made for (1) more than 50 percent of the Federal share of the project unless the grantee has submitted adequate evidence of timely development of its system(s) of user charges and industrial cost recovery, or (2) more than 80 percent of such Federal share unless the system(s) have been approved by the Regional Administrator.

(d) In accordance with 40 CFR 35.935-16, payment shall not be made for more than 80 percent of the Federal share of the project, unless the Regional Administrator has approved the grantee's sewer use ordinance, and the grantee is complying with any sewer system evaluation and rehabilitation schedule as may be incorporated in this Grant Agreement.

(e) Final payment shall be made in accordance with 40 CFR 35.935-14 and 35.945(e).

2. Discharge Permits

The grantee shall obtain any necessary discharge permits for the treatment works in accordance with Section 402 of the 1972 Amendments to the Federal Water Pollution Control Act.

3. Advertisement for Bids

The grantee shall not advertise or place on the market for bidding any portion of this project until the final plans and specifications have been approved in writing by the appropriate state water pollution control agency and the EPA Project Officer.

b. Special Conditions (Continued):

4. Contract Award

Construction contracts including those for the purchase of equipment and materials shall not be awarded until written approval is obtained from the EPA Project Officer.

5. Sites, Easements and Rights-of-Way

The grantee shall submit an acceptable legal opinion that the necessary sites and easements and/or rights-of-ways have been obtained and that they are free of any restrictions or encumbrances that might restrict their use for the purpose intended. Said opinion shall be submitted to EPA not later than the time by which the grantee requests approval to award construction contracts.

6. Operation and Maintenance of Related Facilities

The grantee shall construct the additions described herein in such a manner as to assure an absolute minimum of interference with proper and efficient operation of related facilities.

7. Flood Insurance

The grantee agrees to acquire and maintain any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. The insurance shall be in an amount at least equal to the total eligible project costs excluding cost of land and uninsurable improvements, or to the maximum limit of coverage made available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the project.

This condition shall not be applicable if, on the date of execution of this Grant Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location. This condition shall not be applicable if the project location is outside the boundaries of a special flood hazard area delineated on a Flood Hazard Boundary Map or Flood Insurance Rate Map which has been issued by the Department of Housing and Urban Development, Federal Insurance Administration. This condition shall not be applicable if the total value of improvements insurable under the National Flood Insurance Act is less than $10,000.

Special Conditions (Continued):

8. Prompt Payment

(a) The grantee agrees to make payment to its contractor promptly after receipt of Federal sums due under this grant and to retain only such amounts as may be justified by specific circumstances and provisions of this grant or the construction contract. Retained amounts shall be limited, except where greater retention is necessary under specific circumstances specifically provided for in the construction contract, to the following schedule:

(1) Retention of up to 10% of payments claimed until construction is 50% complete.

(2) After construction is 50% complete, reduction of the total retainage to 5% of payments claimed, provided that the contractor is making satisfactory progress and there is no specific cause for greater withholding.

(3) When the project is substantially complete (operational or beneficial occupancy), the retained amount shall be further reduced below 5% to only that amount necessary to assure completion of the contract work.

(4) A cash bond or irrevocable letter of credit may be accepted in lieu of all or part of the cash retainage under (2) or (3) above.

(b) The grantee agrees to report to the EPA Project Officer and promptly credit to the Federal share due under this grant the full amount of any interest earned, or if no such interest is earned, an imputed amount of interest at the prevailing rate, upon Federal sums paid to the grantee, if payment to the contractor is unjustifiably delayed by the grantee, its employees or representatives.

(c) The grantee agrees to include appropriate provisions in each Step 3 construction contract to implement this prompt payment requirement.

Special Conditions (Continued):

9. User Charge System

The grantee agrees to develop and maintain a system of user charges to assure that each recipient of waste treatment services within the grantee's service area will pay its proportionate share of the cost of operation and maintenance (including replacement) of all waste treatment services provided by the grantee in conformance with all applicable Federal requirements according to the following schedule:

(a) User charge system to be drafted and submitted to EPA for preliminary review and comment within 150 days after acceptance of the grant offer.

(b) Submission of user charge system to appropriate governmental entity for adoption within 50 days of receipt of EPA's comments on draft.

(c) Adoption of user charge system to appropriate governmental entity within 60 days after submission for adoption.

(d) Submission of adopted user charge system to EPA for review and approval within 30 days after adoption of system.

10. Industrial Cost Recovery System

The grantee agrees to develop and maintain an industrial cost recovery system which shall require all present and future industrial users to pay that portion of the grant amount allocable to the treatment of wastes from such users in conformance with all applicable Federal requirements.

11. Service Limitations

In accepting this grant offer, the grantee agrees that:

(a) Sewer connections tributary to the Town of Triadelphia intercepting sewers will not be constructed nor utilized until the Town of Triadelphia has been properly connected to the City of Wheeling Sewer System.

(b) Sewer connections in the Wheeling Creek Watershed will be limited to providing service to those structures in existence at the date of this grant offer. Future connections to the system will not be constructed nor utilized until such time as the Wheeling Wastewater Treatment Plant has been upgraded to meet the effluent requirements required in its National Pollution Discharge Elimination System (NPDES) permit.

b. Special Conditions (Continued):

12. Service Agreements

Construction shall not be initiated on the proposed collection system in the Wheeling Creek Watershed whose flows are to be conveyed through the Town of Triadelphia interceptor until EPA receives an approvable interim service agreement between the Town of Triadelphia and the Ohio County PSD. In addition, EPA grant payments shall not exceed 50% of the grant award until EPA receives an approvable final service agreement between the City of Wheeling, the Town of Triadelphia and the Ohio County PSD.

13. Sewer Tie-Ins

Construction shall not be initiated on the proposed collection system in the Wheeling Creek Watershed whose flows are to be conveyed directly to the City of Wheeling sewer system until EPA receives the City of Wheeling's approval of all proposed sewer tie-ins by the Ohio County PSD.

14. Schedule of Grant Payments

The grantee may submit requests for payment for allowable costs incurred in accordance with the following schedule:

Payment No.	Date	Payment	Cumulative Amount (not to be exceeded)
1	1/78	$290,000	$ 290,000
2	6/78	290,000	580,000
3	7/78	342,000	922,000
4	8/78	396,700	1,318,700
5	9/78	525,000	1,843,700
6	10/78	552,700	2,396,400
7	11/78	552,700	2,949,100
8	12/78	552,700	3,501,800
9	1/79	600,000	4,101,800
10	2/79	600,000	4,701,800
11	3/79	624,700	5,326,500
12	4/79	737,200	6,063,700
13	5/79	737,200	6,800,900
14	6/79	730,100	7,531,000
15 (Final)	4/80	836,820	8,367,820

ALL GRANT PAYMENTS ARE SUBJECT TO CONGRESSIONAL APPROPRIATIONS AND AVAILABILITY OF FUNDS.

SPECIAL CONDITIONS (Continued)

PART IV

NOTE: The Grant Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters grant awards and to the appropriate Grants Administration Office for state and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA

Receipt of a written refusal of failure to return the properly executed document within the prescribed time, may result in the automatic withdrawal of the grant offer by the Agency. Any change to the Grant Agreement by the grantee subsequent to the document being signed by the EPA Grant Award Official which the Grant Award Official determines to ...erially alter the Grant Agreement shall void the Grant Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers a grant ~~amendment~~ to the Ohio County Public Service District (GRANTEE ORGANIZATION) for 75 % of all approved costs incurred up to and not exceeding $ 8,367,820 (GRANT AMOUNT) for the support of approved budget period effort described in application *(including all application modifications)* C-540221-03, Ohio County Public Service District, 6/16/77 (TITLE AND DATE) included herein by reference

ISSUING OFFICE (Grants Administration Office)	AWARD APPROVAL OFFICE
ORGANIZATION ADDRESS Environmental Protection Agency Grants Administration Branch (3WA40) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	ORGANIZATION ADDRESS Environmental Protection Agency Water Division (3WA00) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
Greene A. Jones	Greene A. Jones, Director Water Division	SEP 21 1977

This Grant Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and grant regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the grantee organization, and (2) the grantee agrees (a) that the grant is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any, found by EPA to have been overpaid will be refunded or credited in full to EPA

BY AND ON BEHALF OF THE DESIGNATED GRANTEE ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE
George Snyder	George Snyder, Executive Director	10/24/77

EPA Form 5700-20A (Rev. 8-76)

U.S. ENVIRONMENTAL PROTECTION AGENCY

EPA ASSISTANCE AGREEMENT/AMENDMENT

PART I - ASSISTANCE NOTIFICATION INFORMATION

1. ASSISTANCE ID NO.	2. LOG NUMBER
C-540221-03-3	Three-C
3. DATE OF AWARD	**4. MAILING DATE**
JUN 23 1988	JUN 30 1988

5. AGREEMENT TYPE		6. PAYMENT METHOD	7. TYPE OF ACTION
Cooperative Agreement		☐ Advance ☒ Reimbursement ☐ Letter of Credit	
Grant Agreement		Send Payment Request To: Grants Management Branch	Augmentation/Increase
Assistance Amendment	X		

RECIPIENT ORGANIZATION

8. RECIPIENT
Ohio County Public Service District
411 National Road
Triadelphia, West Virginia 26059

9. PAYEE
Ohio County Public Service District
411 National Road
Triadelphia, West Virginia 26059

EIN NO.

CONGRESSIONAL DISTRICT
1st

10. RECIPIENT TYPE
Public Service District

11. PROJECT MANAGER AND TELEPHONE NO.
James C. Boyd, Jr., Chairman
(304) 547-1288

12. CONSULTANT *(WWT Construction Grants Only)*
Cerrone & Associates
401 Main Street
Wheeling, West Virginia 26003
(304) 232-5500

EPA CONTACT

13. ISSUING OFFICE *(City/State)*
Philadelphia, Pennsylvania

14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
R. Fenton Roudabush, Chief
Southwest Projects Section
(215) 597-9131

15. EPA CONGRESSIONAL LIAISON & TEL. NO.
Patricia Gaskins (202)382-5184

16. STATE APPL ID *(Clearinghouse)*

17. FIELD OF SCIENCE
N/A

18. PROJECT STEP *(WWT CG Only)*
III

19. STATUTORY AUTHORITY
Clean Water Act, Title II

20. REGULATORY AUTHORITY
40 CFR Parts 30 & 35

21. STEP 2 + 3 & STEP 3 *(WWT Construction Only)*

a. Treatment Level	3	
b. Project Type	MOD	
c. Treatment Process	C	
d. Sludge Design	E	

22. PROJECT TITLE AND DESCRIPTION
Increase due to receipt of bids on Phase IIB.

23. PROJECT LOCATION *(Areas Impacted by Project)*

City/Place	County	State	Congressional District
Triadelphia	Ohio	WV	1st

24. ASSISTANCE PROGRAM *(CFDA Program No. & Title)*	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	09/77 - 11/89	N/A

27. COMMUNITY POPULATION *(WWT CG Only)*	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
1,600	N/A	10,989,700

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action	8,054,190	+ 1,033,530	9,087,720
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost	9,837,600	+ 1,152,100	10,989,700

39. FISCAL

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deobligation Amount
G7AW80	72-R	68X0103.2	W72C01	DG7A036006	41.11	$864,070
GTDW80	88	68X0103.L	WA8806	8GTD036006	41.11	$169,460

EPA Form 5700-20A (Rev. 5-82) Replaces previous editions and EPA Forms 5700-1A, B, C, and D, all of which are obsolete.

PART II–APPROVED BUDGET ASSISTANCE IDENTIFICATION NO. C-540221-03-3

TABLE A – OBJECT CLASS CATEGORY (Non–construction)	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient ____ %. Federal ____ %)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A

TABLE B – PROGRAM ELEMENT CLASSIFICATION (Non–construction)	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient ____ %. Federal ____ %)	
13. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A

TABLE C – PROGRAM ELEMENT CLASSIFICATION (Construction)	Basic (75%)	Alternative (10%)
1. ADMINISTRATION EXPENSE Force Account	69,446	53,869
2. ~~PRELIMINARY EXPENSES~~ Legal & Fiscal	233	181
3. LAND STRUCTURES, RIGHT–OF–WAY		
4. ARCHITECTURAL ENGINEERING BASIC FEES	167,350	129,813
5. OTHER ARCHITECTURAL ENGINEERING FEES	247,707	192,146
6. PROJECT INSPECTION FEES	583,699	452,775
7. LAND DEVELOPMENT		
8. ~~RELOCATION EXPENSES~~ Utility Connection	53,672	41,633
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES		
10. DEMOLITION AND REMOVAL		
11. CONSTRUCTION AND PROJECT IMPROVEMENT	9,483,147	7,355,856
12. EQUIPMENT	33,950	5,113
13. MISCELLANEOUS		
14. TOTAL (Lines 1 thru 13)		
15. ESTIMATED INCOME (If applicable)		
16. NET PROJECT AMOUNT (Line 14 minus 15)		
17. LESS: INELIGIBLE EXCLUSIONS		
18. ADD: CONTINGENCIES	350,496	223,114
19. TOTAL (Share: Recipient 17.4 %. Federal 82.6 %)	10,989,700	8,454,500
20. TOTAL APPROVED ASSISTANCE AMOUNT ($9,087,720) combined	$ 8,242,270	845,450

EPA Form 5700–20A (Rev. 5-82)

a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

A. Part III, Special Condition Number 14, is hereby deleted in its entirety and the following substituted in lieu thereof:

"14. Revised Schedule of Grant Payments

The grantee may submit requests for payments for allowable costs incurred in accordance with the following schedule:

Payment No.	Date	Payment	Cumulative Amount (not to be exceeded)
1 - 31	Previously paid		3,491,800
32	05/88	74,000	3,565,800
33	06/88	1,270,500	4,836,300
34	07/88	285,500	5,121,800
35	08/88	415,700	5,537,500
36	09/88	625,000	6,162,500
37	10/88	625,500	6,788,000
38	11/88	550,800	7,338,800
39	12/88	400,100	7,738,900
40	01/89	240,200	7,979,100
41	02/89	140,600	8,119,700
42	03/89	195,800	8,315,500
43	04/89	215,900	8,531,400
44	09/89	278,160	8,809,560
45	11/89	278,160	9,087,720

The grantee agrees to submit quarterly updates to this schedule to the State/EPA. Approvals of those updates will be offered by letter from the State/EPA."

B. Part III, Special Conditions, is hereby amended by adding the following:

The grantee is subject to all the requirements of 40 CFR Part 35, Subpart I, Part 30, Part 33 and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

"19. Regulations Affecting Federal Grant Payments

(a) Payments shall be made in accordance with 40 CFR 35.2300.

20. Project Schedule

EPA's policy requires that projects be initiated, constructed, and placed in operation in a timely manner. For that reason, the schedule shown below, which was developed in conjunction with your grant application, is included as a special condition. The grantee is expected to take all appropriate actions to ensure that this schedule is maintained.

In the event that the project is delayed for reasons beyond the control of the grantee, this schedule may be revised. If the delay arises from mismanagement and could otherwise have been avoided, the schedule will not be revised, in which case EPA will be compelled to determine if ineligible incremental costs have been incurred as a result.

21. Project Initiation (40 CFR 35.2212)

Construction is expected to be initiated on the following schedule.

Failure of the grantee to initiate construction of all major contracts within 12 months of the award of this grant will result in disallowance of incremental costs in accordance with 40 CFR 35.2212, "Project Initiation".

	Date		
Bid Advertisement	12/87		
Construction Contract Award	04/88		
Construction Start (NTP)	05/88		

22. Grant Payment Milestones (40 CFR 35.2206)

Grant payments cannot exceed 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and cannot exceed 90% unless the grantee has furnished a satisfactory Operations and Maintenance Manual. The following dates represent an estimate of the timing of those payments.

Final Plan of Operation Approval	07/88
Operation and Maintenance Manual Approval	03/89

23. Sewer Use Ordinance and User Charge System (40 CFR 35.2208)

The sewer use ordinance must be adopted, and the user charge system implemented, before the system is placed in operation. The following dates represent an estimate of that operational date.

Sewer Use Ordinance Adoption	03/85
User Charge System Implementation	02/89

24. Notice of Building Completion (40 CFR 35.2216)

Grantee agrees to notify the State when construction is completed and also agrees to submit a preliminary final payment request on schedule.

Grantee's request to State for final physical inspection	03/89
Preliminary Final Payment Request	06/89

25. Project Performance (40 CFR 35.2218)

Federal Regulations place special emphasis on the performance of the project. It is vitally important that the facility performs as designed and on schedule. The grantee, therefore, agrees to initiate operation and certify performance by the dates below. It is likewise important that the final Federal share of the project be determined at the earliest possible date. The grantee, therefore, agrees to submit its request for final payment in accordance with this schedule.

Initiation of Operation	09/89
Project Performance Certification	11/89
Final Payment Request	11/89

26. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review, and final determination of the Grant Approving official.

27. MBE/WBE Requirements

The recipient agrees to submit to the Chief, Construction Grants Branch, ATTN: EEO Sprecialist, EPA, Region, III, a completed Standard Form-334 within 15 days after the end of each Federal fiscal quarter during which the recipient or its contractors award any subagreements for building and building-related services and supplies.

28. Audit Requirement

The recipient agrees that it will comply with the provisions of OMB Circular A-128 governing the audit of State and local government recipients of Federal assistance for fiscal years that begin after December 31, 1984. (This requirement replaces 40 CFR 30.540(b) which is based on OMB Circular A-102, Attachment P.)

29. Eligibility Agreement

The grantee and the Environmental Protection Agency agree, pursuant to section 203(a)(2) of the Clean Water Act, that only those items specified in the project description (scope) portion of the grant agreement are eligible for Federal participation in accordance with 40 CFR Part 35.2250 (determination of allowable costs)."

All other terms and conditions remain unchanged.

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers ~~assistance~~/amendment to the Ohio County Public Service District (RECIPIENT ORGANIZATION) for 82.6 % of all approved costs incurred up to and not exceeding $ 9,087,720 (ASSISTANCE AMOUNT) for the support of approved budget period effort described in application *(including all application modifications)* C-540221-03 Ohio County Public Service District (DATE AND TITLE) included herein by reference.

ISSUING OFFICE (Grants Administration Office)	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Branch (3PM70) 841 Chestnut Building Philadelphia, Pennsylvania 19107	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WM00) 841 Chestnut Building Philadelphia, Pennsylvania 19107

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
	James M. Seif, Regional Administrator	MAR 23 1989

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2, the recipient agrees that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

RECEIVED
JUN 28 1988
O. C. P. S. D.

CERTIFIED MAIL

JUN 30 1988

RE: C-540221-03
Ohio County Public
Service District

Mr. James C. Boyd, Chairman
Ohio County Public Service District
411 National Road
Triadelphia, West Virginia 26059

Dear Mr. Boyd:

You were advised by letter on April 22, 1988, that the bidding procedures for Contracts 1, 2, 3, 4 and 8 (Phase IIB) of the referenced project were approved and that the contracts could be awarded to the low responsive bidder as indicated by the proposals you submitted.

In addition, EPA Form 5780-1B is approved with the following revisions:

	Item		For Grant Participation
A.	Construction		
	Phase I	Contract 1	$ 1,027,302 1/
		Contract 2	296,890 1/
	Phase IIA	Contract 5	609,504 1/
		Contract 6	745,786 1/
		Contract 7	771,752 1/
		Contract 9	280,000 1/
	Phase IIB	Contract 1	808,717
		Contract 2	1,545,956
		Contract 3	1,495,919
		Contract 4	590,302
		Contract 8	1,110,919
	Later Contracts		200,100 2/
	Equipment		33,950 3/
	Utility Connection		53,672 3/
B.	Technical Services		998,756 4/
C.	Legal & Fiscal		233
D.	Administration/project coordination)		69,446 3/
E.	Contingency		350,496 5/
F.	TOTAL		$ 10,989,700

1/ Phase I & IIA costs based on original eligible contract amounts
2/ Increased due to "Later Contract" costs that were taken from Phase IIB costs
3/ Decreased due to proration at .9886
4/ Adjusted based on approved eligible costs
5/ Adjusted to round total project cost to nearest hundred dollars based on total eligible construction costs

As the revised eligible project cost is $10,989,700, the grant has been increased with the concurrence of the West Virginia Department of Natural Resources to an amount not to exceed $9,087,720. The original and one copy of the Assistance Amendment reflecting the increase in Federal obligation are enclosed. Please execute the amendment and return the original, within twenty-one days of your receipt to Mrs. Catherine A. Mastropieri, Chief, Grants Management Branch. The copy should be executed and retained for your files.

When the construction contracts have been awarded, one executed copy of the construction contracts, performance and payment bonds, and the Notices-to-Proceed should be promptly submitted to this office, and one similar set forwarded to the West Virginia Department of Natural Resources. Payments will not be made by this office for construction until our receipt of these items.

The Assistance Agreement for the project has conditions which require the submission and approval of certain documents to satisfy regulatory requirements of the program and which are enforced through the grant payment process. In order to assure timely processing of payment requests, these documents must be submitted through the State Agency in advance of the payment milestone specified in the Assistance Agreement.

In addition, you are requested to provide this office with the name and qualifications of the treatment plant operator prior to your request for a fifty (50) percent payment.

We are enclosing information sheets outlining the procedures to be followed in making contract modifications and for submitting partial payment requests.

Sincerely,

Robert J. Mathews Deputy

for Alvin R. Morris, Director
Water Management Division

Enclosures (2)

cc: Mr. Mike Johnson, WVDNR
Mr. Edgar Henry, WDA
Cerrone & Associates, Inc.

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1988 A and Series 1988 B
and
Sewerage System Bond Anticipation Notes, Series 1988

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Ohio County Public Service District Sewer Revenue Bonds, Series 1988 A and Series 1988 B and the Ohio County Public Service District Sewerage System Bond Anticipation Notes, Series 1988, all dated September 30, 1988, in the aggregate principal amount of $2,032,785 and agrees to perform all duties of Registrar in connection with such Bonds and BAN, all as set forth in the Local Act authorizing issuance of the Bonds and the BAN.

Dated this 30th day of September, 1988.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte S. Morgan
Its Trust Administrative Officer

09/27/88
OCPII1-N

ALL-STATE LEGAL SUPPLY CO., ONE COMMERCE DRIVE, CRANF JERSEY 07016

ED 11-2C

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1988 A and Series 1988 B
and
Sewerage System Bond Anticipation Notes, Series 1988

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

THE FIRST NATIONAL BANK OF WHEELING, a national banking association, with principal office in Wheeling, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Resolution of Ohio County Public Service District, adopted September 28, 1988, authorizing issuance of the District's Sewer Revenue Bonds, Series 1988 A and Series 1988 B and the District's Sewerage System Bond Anticipation Notes, Series 1988, all dated September 30, 1988, in the aggregate principal amount of $2,032,785 and agrees to perform all duties of Depository Bank in connection with such Bonds and Bond Anticipation Notes, all as set forth in said Resolution.

Dated this 29th day of September, 1988.

THE FIRST NATIONAL BANK OF WHEELING

By Jerry G. Halverson
Its President

09/30/88
OCPIII-O

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1988 A and Series 1988 B
and
Sewerage System Bond Anticipation Notes, Series 1988

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, Trust Administrative Officer of One Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the $868,656 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A and Series 1988 B, and $1,164,129 aggregate principal amount of Sewerage System Bond Anticipation Notes, Series 1988, of Ohio County Public Service District (the "Issuer"), hereby certify that on the 30th day of September, 1988, the single fully registered Series 1988 A Bond of the Issuer in the principal amount of $694,925 designated "Sewer Revenue Bond, Series 1988 A," numbered AR-1, the single fully registered Series 1988 B Bond of the Issuer in the principal amount of $173,731 designated "Sewer Revenue Bond, Series 1988 B," numbered BR-1 and the single fully registered Series 1988 Bond Anticipation Note of the Issuer in the principal amount of $1,164,129 designated "Sewerage System Bond Anticipation Note, Series 1988," numbered R-1, were registered as to principal and interest (the Series 1988 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 30th day of September, 1988.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte S. Morgan
Its Trust Administrative Officer

09/27/88
OCPII1-P

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 30th day of September, 1988, by and between Ohio County Public Service District, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $868,656 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A and Series 1988 B (collectively, the "Bonds"), and $1,164,129 aggregate principal amount of Sewerage System Bond Anticipation Notes, Series 1988 (the "BAN"), all in fully registered form pursuant to a Bond and Notes Resolution adopted September 28, 1988, and a Supplemental Resolution adopted September 28, 1988 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds and the BAN; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds and the BAN, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Bonds and the BAN upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds and the BAN from federal income

taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Ohio County Public Service District
411 National Road
Tridelphia, West Virginia 26059
Attention: Chairman

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds and the BAN in accordance with the Local Act.

IN WITNESS WHEREOF, OHIO COUNTY PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

OHIO COUNTY PUBLIC SERVICE DISTRICT

By James C. Boyd Jr.
Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte S. Morgan
Its Corp Trust Administrative Officer

09/27/88
OCPIII-Q

EXHIBIT A

[Included in transcript as Document No. 1]

Invoice

ONE VALLEY BANK

OHIO COUNTY, WV PUBLIC SERVICE
DISTRICT

DATE SEPTEMBER 30, 1988

UNITS	ITEM DESCRIPTION	TOTAL
	OHIO COUNTY, WEST VIRGINIA PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS - 1988 SERIES A $694,925 & SERIES B $173,731 AND BOND ANTICIPATION NOTES $1,164,129	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENICATING AGENT.....	$500.00

SEND REMITTANCE TO: One Valley Bank
One Financial Place - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326
ATT: CHARLOTTE S MORGAN

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Sewer Revenue Bond, Series 1988 A, of Ohio County Public Service District in the principal amount of $694,925, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: September 30, 1988.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Daniel B. Yankosky
Authorized Representative

09/27/88
OCPII1-R

OHIO COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES RESOLUTION

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05/12/86
OHPSD2-B

OHIO COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF OHIO COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, AND NOT MORE THAN $2,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF OHIO COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any orders or resolutions supplemental hereto, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

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

B. The Issuer does not presently operate a public sewage collection or treatment system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewage collection and transportation facilities of the Issuer (the "Project") which constitute properties for the collection of liquid or solid wastes, sewage or industrial wastes (the Project, and any additions thereto or extensions thereof is herein called the "System") at an estimated cost of $3,169,026, 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 estimated revenues to be derived in each year after the enactment hereof from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $300,000 in two series, being the Series 1986 A Bonds in the aggregate principal amount of not more than $200,000 and the Series 1986 B Bonds in the aggregate principal amount of not more than $100,000 (collectively, the "Bonds"), and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes") in the aggregate principal amount of not more than $2,000,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes and the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost 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, 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 incident to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in

connection with any thereof, including, with respect to the Notes, any commitment fees to the Credit Bank, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") heretofore entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority.

G. 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 Series 1986 B Bonds shall be junior and subordinate to the Series 1986 A Bonds, as set forth herein.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and 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, 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 and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

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

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

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

"Consulting Engineers" means Cerrone & Vaughn, Inc., Wheeling, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, 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.

"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" means the public service board of the Issuer, consisting of 3 members, as may hereafter be constituted.

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

"Grant Agreement" means a written commitment for the payment of the 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 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 the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

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

"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, and for the furnishing by the Issuer of miscellaneous service.

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

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

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement heretofore entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized by, this Resolution or a resolution adopted by the Issuer prior to the adoption of this Resolution.

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

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" or "GAN" means collectively, the not more than $2,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than $2,000,000 in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by Section 4.01 of the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and 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 Registrar, Paying Agent and the Trustee (all as hereinafter defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or 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 Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $200,000 in aggregate principal amount of Series 1986 A Bonds and not more than $100,000 in aggregate principal amount of Series 1986 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by the Bond Legislation.

"Original Notes Purchaser" means, in the event grant anticipation notes are issued, Young Moore & Company, Inc., of Charleston, West Virginia, or such other original purchaser of the Notes as shall be named in a resolution supplemental hereto, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

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

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

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of a sewage collection and transportation system, lift stations and force mains and all necessary appurtenances.

"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 Investment Agreement which may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution; and

(i) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, provided that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments described in paragraphs (a) through (g), above.

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

"Registrar" means as appropriate, either the Bond Registrar or the Notes Registrar or both.

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

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

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

"Series 1986 A Bonds" or "Series A Bonds" means the not more than $200,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Issuer.

"Series 1986 A Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 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 1986 A Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 A Bonds Sinking Fund" means the Series 1986 A Sinking Fund established by Section 5.02 hereof.

"Series 1986 B Bonds" or "Series B Bonds" means the not more than $100,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 B, of the Issuer.

"Series 1986 B Bonds Reserve Account" means the Series 1986 B Bonds Reserve Account established in the Series 1986 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1986 B Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 B Bonds Sinking Fund" means the Series 1986 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Notes or the Original Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Notes or the Original 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 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 the Renewal and Replacement Fund and the Reserve Account, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete properties of the Issuer for the collection, transportion and treatment of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

"WDA Grant" means the grant from the West Virginia Water Development Authority pursuant to the commitment therefor.

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

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $3,169,026, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in Article IV of the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purpose of paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $300,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than $200,000, and "Sewer Revenue Bonds, Series 1986 B," in the aggregate principal amount of $100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds (excluding accrued interest) remaining after capitalization of interest, if any, and payment of the costs of issuance thereof and related costs 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 12% per annum, or such other rate as shall then be the 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 Commission, through a Paying Agent or Paying Agents selected by the original purchaser or purchasers thereof, 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 mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable,

corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial

Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the 15 days 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.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same,

upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds. The payment of the debt service of all the Series 1986 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1986 B 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 1986 A 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 Fund and the Reserve Account therein 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 Series 1986 A Bonds and the Series 1986 B Bonds, respectively, 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 1986 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1986 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Ohio 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 West Virginia Water Development Authority or registered assigns (the "Payee") 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 Payee and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1986. 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 mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Payee is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of, and upon the terms and conditions prescribed by, the West Virginia Water Development Authority.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewerage collection and transportation facilities of the Issuer (the "Project") and (ii) to

pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the 15th day of May, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds") issued in the aggregate principal amount of $_____, which Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this series (the "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, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account and the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or Series 1986 B Bonds, sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds, the Series 1986 B Bonds, and any other such prior or parity

obligations in any succeeding fiscal year, 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.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, OHIO COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated May 16, 1986.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

TABLE II

OHIO COUNTY PUBLIC SERVICE DISTRICT
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	1985 Series A Bonds			
	Coupon	Principal	Interest	Debt Service
1986	9.75%	0.00	3,667.95	3,667.95
1987	9.75%	266.00	9,781.20	10,047.20
1988	9.75%	293.00	9,755.27	10,048.27
1989	9.75%	321.00	9,726.70	10,047.70
1990	9.75%	353.00	9,695.40	10,048.40
1991	9.75%	387.00	9,660.98	10,047.98
1992	9.75%	425.00	9,623.25	10,048.25
1993	9.75%	466.00	9,581.81	10,047.81
1994	9.75%	512.00	9,536.38	10,048.38
1995	9.75%	562.00	9,486.46	10,048.46
1996	9.75%	617.00	9,431.66	10,048.66
1997	9.75%	677.00	9,371.51	10,048.51
1998	9.75%	743.00	9,305.50	10,048.50
1999	9.75%	815.00	9,233.06	10,048.06
2000	9.75%	894.00	9,153.59	10,047.59
2001	9.75%	982.00	9,066.43	10,048.43
2002	9.75%	1,077.00	8,970.68	10,047.68
2003	9.75%	1,182.00	8,865.68	10,047.68
2004	9.75%	1,298.00	8,750.43	10,048.43
2005	9.75%	1,424.00	8,623.88	10,047.88
2006	9.75%	1,563.00	8,485.04	10,048.04
2007	9.75%	1,716.00	8,332.64	10,048.64
2008	9.75%	1,883.00	8,165.33	10,048.33
2009	9.75%	2,066.00	7,981.74	10,047.74
2010	9.75%	2,263.00	7,780.31	10,043.31
2011	9.75%	2,489.00	7,559.18	10,048.18
2012	9.75%	2,732.00	7,316.50	10,048.50
2013	9.75%	2,998.00	7,050.13	10,048.13
2014	9.75%	3,290.00	6,757.82	10,047.82
2015	9.75%	3,611.00	6,437.05	10,048.05
2016	9.75%	3,963.00	6,084.98	10,047.98
2017	9.75%	4,350.00	5,693.58	10,043.58
2018	9.75%	4,774.00	5,274.46	10,048.46
2019	9.75%	5,239.00	4,808.99	10,047.99
2020	9.75%	5,750.00	4,298.19	10,048.19
2021	9.75%	6,310.00	3,737.57	10,047.57
2022	9.75%	6,926.00	3,122.34	10,048.34
2023	9.75%	7,601.00	2,447.06	10,048.06
2024	9.75%	8,342.00	1,705.96	10,047.96
2025	9.75%	9,155.00	892.61	10,047.61
		100,320.00	295,219.30	395,534.30

[Form of Assignment]

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1986 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Ohio 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 West Virginia Water Development Authority or registered assigns (the "Payee") 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 of any time, but only with the express written consent of, and upon the terms and conditions prescribed by, the West Virginia Water Development Authority.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewerage collection and transportation facilities of the Issuer (the "Project") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the 15th day of May, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and

ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is 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 after there has first been paid from said Net Revenues all payments then due and owing on the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this Series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on the Bonds, the 1986 Series A Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the 1986 Series A Bonds and on a parity with the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series A Bonds, sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds and the 1986 Series B Bonds in any succeeding fiscal year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the

Payee or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of the Bonds, which lien is subordinate to the lien in favor of the holders of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER, ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1986 A BONDS").

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

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

IN WITNESS WHEREOF, OHIO COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated May 16, 1986.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A
SCHEDULE OF ANNUAL DEBT SERVICE
TABLE III

OHIO COUNTY PUBLIC SERVICE DISTRICT
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	Zero Coupon Bonds
1986	0.00
1987	1,281.10
1988	1,281.05
1989	1,281.05
1990	1,281.05
1991	1,281.05
1992	1,281.05
1993	1,281.05
1994	1,281.05
1995	1,281.05
1996	1,281.05
1997	1,281.05
1998	1,281.05
1999	1,281.05
2000	1,281.05
2001	1,281.05
2002	1,281.05
2003	1,281.05
2004	1,281.05
2005	1,281.05
2006	1,281.05
2007	1,281.05
2008	1,281.05
2009	1,281.05
2010	1,281.05
2011	1,281.05
2012	1,281.05
2013	1,281.05
2014	1,281.05
2015	1,281.05
2016	1,281.05
2017	1,281.05
2018	1,281.05
2019	1,281.05
2020	1,281.05
2021	1,281.05
2022	1,281.05
2023	1,281.05
2024	1,281.05
2025	1,281.05
	49,961.00

[Form of Assignment]

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit B" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in the aggregate principal amount of not to exceed $2,000,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture, if used (which Indenture in substantially the form to be executed and delivered by the Issuer is attached hereto as "Exhibit A" and made a part hereof), or supplemental resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the respective sources described in the Indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture.

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit

shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

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:

(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 1986 A Bonds Sinking Fund;

(a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.

(2) Series 1986 B Bonds Sinking Fund;

(a) Within the Series 1986 B Bonds Sinking Fund the Series 1986 B 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.

(1) The Issuer shall first, each month, pay from the Revenue Fund the 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, commencing 7 months prior to the first date of payment of interest on the Series 1986 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 1986 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing

semiannual interest payment date, less any moneys transferred from the Series 1986 A Bonds Reserve Account for the purpose of making interest payments and investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 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.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 A Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 A Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1986 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.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 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 1986 A Bonds Reserve Requirement.

(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 System, 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 1986 A Reserve Account in the Series 1986 A Sinking Fund. 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 deficiency in the Series 1986 A Bonds 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 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 on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 B Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 B Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 B Bonds.

(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 Series B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund and the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be transferred, not less than once each year, to the respective Sinking Fund and applied in full to the next ensuing principal payment due on the respective Series of Bonds.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A and Series 1986 B Bonds Sinking Funds and the Renewal and Replacement Fund have been made in full.

As and when additional Bonds ranking on a parity with the Series 1986 B Bonds are issued, provision shall be made for additional payments into the Series B Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series B Reserve Account in an amount equal to the maximum provided and required to be paid into the Series B Sinking Fund in any Fiscal Year for account of all the Series 1986 B Bonds, including such additional Series 1986 B Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1986 A Bonds Sinking Fund or the Series 1986 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in both said Sinking Funds and said Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding.

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

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund 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 Issuer, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Paying Agent or the Depository Bank, on such dates

as the Commission, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

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

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

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

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. Any accrued interest received from the sale shall be deposited in the appropriate Sinking Fund and applied to the first interest payment due on the applicable Series of Bonds.

B. The amount of the proceeds which together with the proceeds deposited pursuant to Subsection (A) of this section and together with the earnings thereon, shall be at least sufficient to pay interest, if any, on the applicable Series of Bonds for the period specified in the Supplemental Resolution shall be deposited in the appropriate Sinking Fund; provided, that such period may not extend beyond the date which is 6 months after the estimated date of completion of construction of the Project.

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

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation and Indenture (if any). 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 Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

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

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof which shall be made upon request of the Issuer, shall be made only after submission to the

Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in qualified investments at the direction of the Issuer.

Whenever the Depository Bank shall have received notice that any Grant has been suspended, terminated or annulled, or a stop-work order has been issued, the Depository Bank shall not make further disbursements from the Bond Construction Trust Fund until it shall have received notice of the lifting of such suspension or stop-work order. Notwithstanding the foregoing provisions of this paragraph, if the Grant which has been suspended, terminated or annulled is a Grant other than the EPA Grant or the WDA Grant, and the Issuer files with the Depository Bank a certificate of the Consulting Engineers reciting the conclusion and demonstrating that the Project can be completed without such Other Grant, the Depository Bank shall continue to make disbursements from the Bond Construction Trust Fund.

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 A Bonds Reserve Account.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds 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 Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1986 A 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 and payment of the debt service of the Series 1986 B 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 1986 A Bonds, to the extent necessary to make the payments required under Section 5.03 of this Resolution. 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 Funds, including the Reserve Accounts therein, and all

other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided therein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the Order of the Public Service Commission of West Virginia entered April 10, 1986 (Case No. 85-472-S-CN).

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds 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 in accordance with Section 8.01 thereof. 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, 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 about to mature. 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 Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, 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 $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such

sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise, shall be deposited in the Revenue Fund. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all the 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. The Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of

and security for payment from such revenues and in all other respects, to both the Series 1986 A Bonds and the Series 1986 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B 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:

(A) The Bonds then Outstanding;

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

(C) 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 enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of both the Series 1986 A Bonds and the Series 1986 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with either the Series 1986 A Bonds or the Series 1986 B Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted on 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 Series 1986 A.

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 Bond Legislation 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 Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The

Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the 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 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 Indenture 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 file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. 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 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. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchasers thereof shall require. 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 expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that an amounts equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts or reserve accounts for bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

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 funding 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 or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the 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.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public

accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent 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 and facilities and any services and facilities of the water system, if then owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of the water system until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

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:

(A) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE,, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(C) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

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

Section 7.17. 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 1986 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1986 B Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Except as provided in the Indenture, if any, 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. The Commission, the Trustee, if any, 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 Trustee, if any, 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. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they 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 103(c)(2) of the Internal Revenue Code, (or any successor provision) and an Authorized Officer shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

ARTICLE IX

DEFAULT AND REMEDIES

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

(A) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; 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.

B. 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; or

(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 Bond Legislation, any supplemental resolution, the Indenture 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Bonds; 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 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, 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 Notes or Bonds, as the case may be, (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 Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1986 B Bonds shall be subject to those of the Holders of the Series 1986 A Bonds.

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1986 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 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 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 1986 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 1986 A Bonds on and prior to 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 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any

trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1986 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 B Bonds on and prior to 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 1986 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the 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 Notes. 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 set forth in the Indenture, then with respect to the Notes only, this Bond Legislation, the Indenture and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the 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 Notes or Bonds 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.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds and Notes, 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, the Indenture, 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. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Resolution and to the Indenture authorized hereby to enable the Notes or Bonds to be issued in such form as to render the interest thereon exempt from federal income taxation, and to preserve such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds or the Notes.

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. Public Notice of Proposed Financing. Prior to adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within the boundaries of Ohio County Public Service District, a Class II legal advertisement stating:

(a) The respective maximum amounts of the Bonds and Notes to be issued;

(b) The respective maximum interest rates and terms of the Bonds and the Notes originally authorized hereby;

(c) The Project to be acquired or constructed and the cost of the same;

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

(e) The fact that a form is available in the office of the Clerk of The County Commission of Ohio County and in the office of the Issuer for residents of that portion of the District which will be served by the Project who are registered voters to sign indicating their opposition to the Issuer's borrowing money or issuing the Bonds or the Notes originally authorized hereby, as the case may be. The Secretary of the Governing Body shall cause such form to be provided to said county clerk.

The Secretary of the Governing Body shall have also caused to be posted in conspicuous places throughout that portion of Ohio County Public Service District which will be served by the Project signs measuring not less than 8 1/2 inches in width and 11 inches in length which include the same information as required in the Class II legal advertisement set forth above.

Section 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 15th day of May, 1986.

Chairman, Public Service Board

Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of Ohio County Public Service District on this 15th day of May, 1986.

[SEAL]

Secretary, Public Service Board

05/16/86
OHPSD2-A

"EXHIBIT A"

"EXHIBIT B"

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064

(304) 348-3612

COPY

September 30, 1988

Mr. James C. Boyd, Jr., Chairman
Ohio County Public Service District
411 National Road
Triadelphia, WV 26059

The West Virginia Water Development Authority (the "Authority") is holder of certain bonds and notes of the Ohio County Public Service District (the "District"), being the Sewer Revenue Bonds, Series 1986 A, Series 1986 B, Series 1988 A, and Series 1988 B, and the Sewerage System Bond Anticipation Notes, Series 1988.

The Authority intends to purchase the District's Sewer Revenue Bonds, Series 1988 C and Series 1988 D, in the aggregate principal amount of $1,164,129, the proceeds of which will be used to redeem the aforesaid Bond Anticipation Notes following issuance by the Authority of its next series of bonds and assuming compliance by the District with the provisions of the Loan Agreement and Supplemental Loan Agreement, dated October 1, 1988, relating to such Series 1988 C and Series 1988 D Bonds.

Edgar N. Henry

EDGAR N. HENRY, PE - DIRECTOR

db

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064

(304) 348-3612

September 30, 1988

Mr. James C. Boyd, Jr., Chairman
Ohio County Public Service District
411 National Road
Triadelphia, WV 26059

The West Virginia Water Development Authority (the "Authority") has purchased certain bonds and notes of the Ohio County Public Service District (the "District"), being the Sewer Revenue Bonds, Series 1986 A and Series 1986 B, both dated April 16, 1986; the Series 1988 A and Series 1988 B Bonds, dated September 30, 1988; and the Sewerage System Bond Anticipation Notes, Series 1988, also dated September 30, 1988.

The Series 1988 A Bonds are issued on parity with the Series 1986 A Bonds, and the Series 1988 B Bonds and Bond Anticipation Notes are issued on parity with the Series 1986 B Bonds. The Authority hereby waives any prohibitions to issuance of the Series 1988 A Bonds which may be contained in the resolution authorizing issuance of the Series 1986 A and Series 1986 B Bonds, adopted April 16, 1986, and consents to the issuance of the Series 1988 A Bonds in accordance with the Bond and Notes Resolution adopted by the District on September 28, 1988, as supplemented by a Supplemental Resolution adopted September 28, 1988.

Edgar N. Henry

EDGAR N. HENRY, PE - DIRECTOR

db

STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

ARCH A. MOORE, JR.
Governor

RONALD R. POTESTA
Director

ROBERT K. PARSONS
Deputy Director

RECEIVED
APR - 4 1988
O. C. P. S. D.

March 31, 1988

Mr. James C. Boyd, Jr., Chairman
Ohio County Public Service District
411 National Road
Triadelphia, West Virginia 26059

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Water Pollution Control Permit No. WV0042129 - Letter of Addendum

Dear Mr. Boyd:

This letter serves as Modification No. 1 of your existing WV/NPDES Permit No. WV0042129 issued the 30th day of December 1987.

After review of Permit Modification Application No. WV0042129-A dated the 13th day of January 1988, the above referenced permit is hereby modified to incorporate the installation, construction, operation, and maintenance of a sewage collection system to serve 730 homes in the Short Creek Watershed Area (Phase IIB) of Ohio County Public Service District.

The collection system consists of 5,375 linear feet of 1 1/4 inch pressure pipe, 7,085 linear feet of 2 inch pressure pipe, 4,560 linear feet of 3 inch pressure pipe, 26,510 linear feet of 3 inch vacuum line, 17,917 linear feet of 4 inch vacuum line, 18,808 linear feet of 6 inch vacuum line, 10,055 linear feet of 8 inch vacuum line, 915 linear feet of 4 inch gravity line, 135 linear feet of 6 inch gravity line, 5,840 linear feet of 8 inch gravity line, 12,694 linear feet of 12 inch gravity line, 400 linear feet of 3 inch force main, 9,825 linear feet of 4 inch force main, 19,290 linear feet of 8 inch force main, 13,580 linear feet of 10 inch force main, 86 manholes, 8 cleanouts, one (1) lift station, 2 grinder pump stations, 3 vacuum stations, 243 vacuum valves, 127 grinder pumps, and all necessary appurtenances. The collection system is to convey sewage to the City of Wheeling collection system to its ultimate treatment at the City of Wheeling Wastewater Treatment Plant.

The above facilities are to be constructed in accordance with:

Plans and Specifications:

Date Approved: December 10, 1987
Prepared By: Cerrone & Associates, Inc., Wheeling, West Virginia.
Title: Ohio County Public Service District, Sewage Collection System (Phase IIB); EPA Project No. C-540221; Contract 1 - Shawnee Hills and Tablerock Road; Contract 2 - Short Creek Road and North Fork Short Creek Road; Contract 3 - Betty Zane, JC and P Road, and Route 88; Contract 4 - Glenns Run Road; Contract 8 - Vacuum Stations.

All other terms and conditions of the permit shall remain in effect and unchanged.

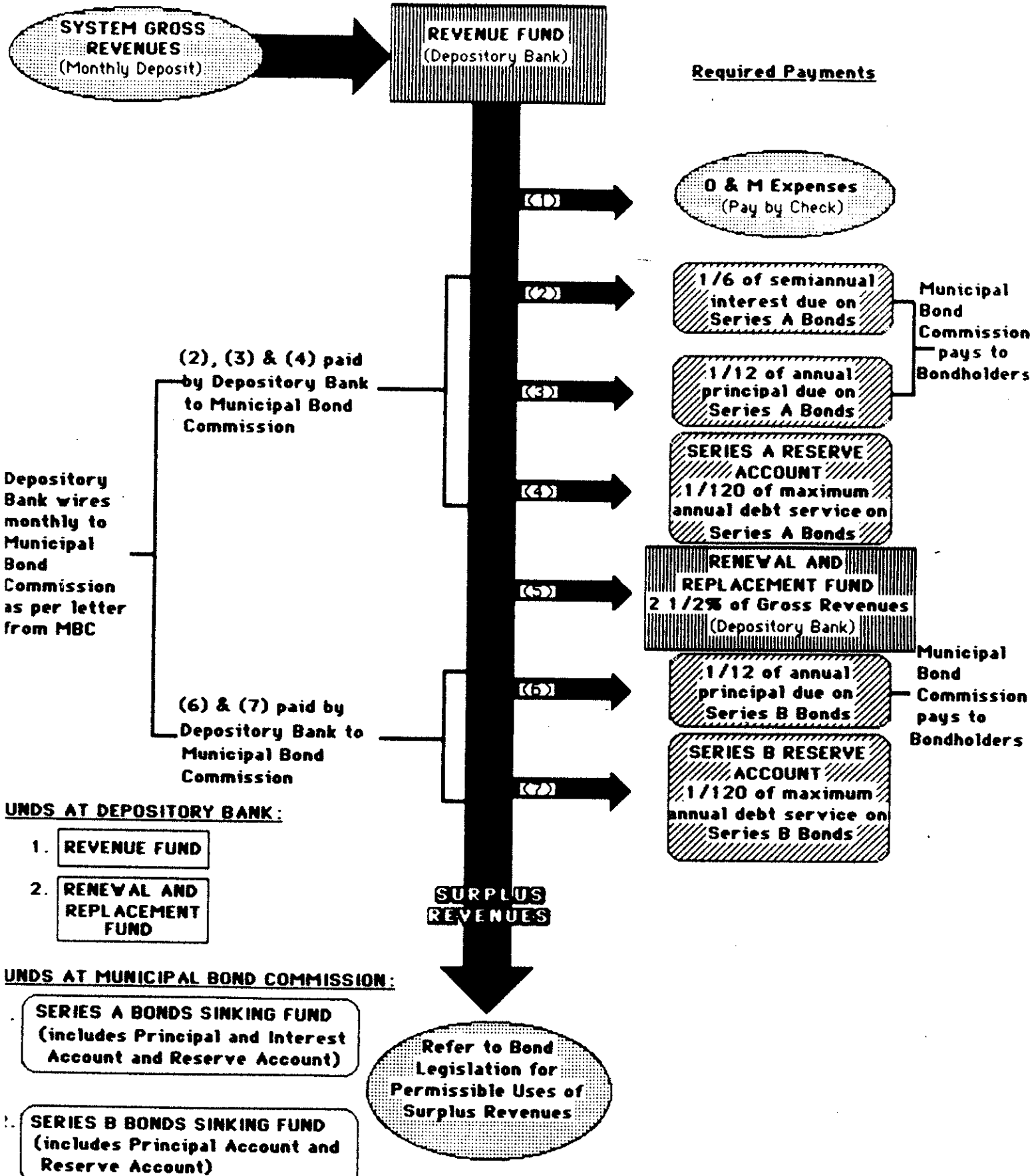
Sincerely,

David W. Robinson
Chief

DWR:ORC:mla

cc: Rich Naret, Cerrone & Associates, Inc.

FLOW OF FUNDS SCHEMATIC DIAGRAM - SYSTEM REVENUES



UNDS AT DEPOSITORY BANK:

1. REVENUE FUND
2. RENEWAL AND REPLACEMENT FUND

UNDS AT MUNICIPAL BOND COMMISSION:

- SERIES A BONDS SINKING FUND (includes Principal and Interest Account and Reserve Account)
- SERIES B BONDS SINKING FUND (includes Principal Account and Reserve Account)