OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. Supplemental Resolution
3. Loan Agreement
4. Public Service Commission Orders
5. Infrastructure and Jobs Development Council Approval
6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Bond

OPINIONS OF COUNSEL

9. Approving Opinion of Steptoe & Johnson, Bond Counsel
10. Opinion of Counsel to Issuer
11. Title Opinion

CERTIFICATES

12. General Certificate of Issuer and Attorney

13. Certificate as to Arbitrage

14. Certificate of Engineer, with Schedule B Attached

15. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

16. County Commission Orders on Creation and Enlargement of District

17. County Commission Orders Appointing Current Boardmembers

18. Oaths of Office of Current Boardmembers

19. Rules of Procedure

20. Affidavit of Publication on Borrowing

21. Minutes of Current Year Organizational Meeting

22. Minutes on Adoption of Bond Resolution and Supplemental Resolution

23. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

24. Acceptance by WesBanco Elm Grove of Duties as Depository Bank

25. Acceptance by One Valley Bank, National Association, of Duties as Registrar

26. Certificate of Registration of Bonds

MISCELLANEOUS DOCUMENTS (Continued)

27. Registrar's Agreement

28. NPDES Permit

29. 1986 Bond Resolution and Supplemental Resolution

30. 1988 Bond Resolution and Supplemental Resolution

31. 1989 Supplemental Resolution

32. Consent of Holder of Prior Bonds

33. Evidence of Small Cities Block Grant

34. Evidence of Infrastructure Council Grant

OHIO COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	13
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	14
Section 3.02	Terms of Bonds	14
Section 3.03	Execution of Bonds	15
Section 3.04	Authentication and Registration	15
Section 3.05	Negotiability, Transfer and Registration	15
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07	Bonds not to be Indebtedness of the Issuer	16
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	16
Section 3.09	Delivery of Bonds	17
Section 3.10	Form of Bonds	17
	FORM OF BOND	18

Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	26
Section 3.12	"Amended Schedule B" Filing	26

ARTICLE IV
[RESERVED] 27

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	28
Section 5.02	Establishment of Funds and Accounts with Commission	28
Section 5.03	System Revenues; Flow of Funds	29

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	34
Section 6.02	Disbursements From the Bond Construction Trust Fund	34

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	36
Section 7.02	Bonds not to be Indebtedness of the Issuer	36
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds	36
Section 7.04	Initial Schedule of Rates and Charges	36
Section 7.05	Sale of the System	36
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	38
Section 7.07	Parity Bonds	38
Section 7.08	Books; Records and Facilities	40
Section 7.09	Rates	41
Section 7.10	Operating Budget; Audit and Monthly Financial Report	42
Section 7.11	Engineering Services and Operating Personnel	43
Section 7.12	No Competing Franchise	43
Section 7.13	Enforcement of Collections	43
Section 7.14	No Free Services	44
Section 7.15	Insurance and Construction Bonds	44
Section 7.16	Mandatory Connections	45
Section 7.17	Completion and Operation of Project; Permits and Orders	46
Section 7.18	Tax Covenants	46
Section 7.19	Statutory Mortgage Lien	47

Section 7.20	Compliance with Loan Agreement and Law	47
Section 7.21	Securities Laws Compliance	48
Section 7.22	Contracts	48

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	49
Section 8.02	Arbitrage and Tax Exemption	49
Section 8.03	Tax Certificate and Rebate	50

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	52
Section 9.02	Remedies	52
Section 9.03	Appointment of Receiver	52

ARTICLE X
[RESERVED]

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	56
Section 11.02	Bond Legislation Constitutes Contract	56
Section 11.03	Severability of Invalid Provisions	56
Section 11.04	Headings, Etc.	56
Section 11.05	Conflicting Provisions Repealed; Prior Resolutions	56
Section 11.06	Covenant of Due Procedure, Etc.	57
Section 11.07	Public Notice of Proposed Financing	57
Section 11.08	Effective Date	58
	SIGNATURES	58
	CERTIFICATION	59
	EXHIBIT A	60

OHIO COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO 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 $1,081,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF 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"), supplemental to the Prior Resolutions (as hereinafter defined), is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of a sanitary sewage collection and transmission system in and adjacent to the Village of Valley Grove, Ohio County, with approximately 26,000 feet of gravity sewers, a lift station and approximately 2,000 feet of force main, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than $1,081,000 (the "Series 1997 A Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 1997 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 1997 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1997 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1997 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1997 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the Issuer and the Authority (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 1997 A Bonds as to liens, pledge and source of and security for payment, being (1) the 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"), (2) the 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"), (3) the Sewer Revenue Bonds, Series 1988 A, dated September 30, 1988, issued in the original aggregate principal amount of $694,925 (the "Series 1988 A Bonds"), (4) the Sewer Revenue Bonds, Series 1988 B, dated September 30, 1988, issued in the original aggregate principal amount of $173,731 (the "Series 1988 B Bonds"), (5) the Sewer Revenue Bonds, Series 1989 A, dated April 3, 1989, issued in the original aggregate principal amount of $1,013,841 (the "Series 1989 A Bonds"), and (6) the Sewer Revenue Bonds, Series 1989 B, dated April 3, 1989, issued in the original principal amount of $150,288 (the "Series 1989 B Bonds"). The Series 1986 A Bonds, the Series 1988 A Bonds and the Series 1989 A Bonds are hereinafter collectively called the "First Lien Bonds" and the Series 1986 B Bonds, the Series 1988 B Bonds and the Series 1989 B Bonds are hereinafter collectively called the "Second Lien Bonds." The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds".

The Series 1997 A Bonds shall be issued on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 1997 A Bonds, the Issuer will obtain the written consent of the Holders of the First Lien Bonds to the issuance of the Series 1997 A Bonds on a parity with the First Lien Bonds. Prior to the issuance of the Series 1997 A Bonds, the Issuer will obtain the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 1997 A Bonds on a senior and prior basis to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs

of operation and maintenance of the System and the principal of and interest on the Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1997 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1997 A Bonds or such final order will not be subject to appeal or rehearing.

J. Pursuant to the Act, the Council has approved the Project and authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1997 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1997 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1997 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

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

"Bonds" means, collectively, the Series 1997 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1997 A Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1997 A Bonds from the Authority.

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

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

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

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

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

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

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

"First Lien Bonds" means, collectively, the Series 1986 A Bonds, the Series 1988 A Bonds and the Series 1989 A 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.

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

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1997 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1997 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1997 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1997 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1997 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1997 A Bonds.

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

or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1997 A Bonds in the Supplemental Resolution with the written consent of the Authority and the Council.

"Prior Bonds" means, collectively, the First Lien Bonds and the Second Lien Bonds, described in Section 1.02G hereof.

"Prior Resolutions" means, collectively, the resolution and the supplemental resolution of the Issuer duly adopted May 15, 1986, authorizing the Series 1986 A Bonds and the Series 1986 B Bonds, the resolution and the supplemental resolution of the Issuer duly adopted September 28, 1988, authorizing the Series 1988 A Bonds and the Series 1988 B Bonds, and the resolution and the supplemental resolution of the Issuer duly adopted March 29, 1989.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 1997 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 1997 A Bonds and the Prior Bonds.

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

"Second Lien Bonds" means, collectively, the Series 1986 B Bonds, the Series 1988 B Bonds and the Series 1989 B Bonds.

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

"Series 1986 A Bonds" means the Sewer Revenue Bonds, Series 1986 A, of the Issuer, described in Section 1.02G hereof.

"Series 1986 B Bonds" means the Sewer Revenue Bonds, Series 1986 B, of the Issuer, described in Section 1.02G hereof.

"Series 1988 A Bonds" means the Sewer Revenue Bonds, Series 1988 A, of the Issuer, described in Section 1.02G hereof.

"Series 1988 B Bonds" means the Sewer Revenue Bonds, Series 1988 B, of the Issuer, described in Section 1.02G hereof.

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

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

"Series 1997 A Bonds" means the not more than $1,081,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1997 A Bonds Reserve Account" means the Series 1997 A Bonds Reserve Account established in the Series 1997 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1997 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 1997 A Bonds in the then current or any succeeding year.

"Series 1997 A Bonds Sinking Fund" means the Series 1997 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 1997 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 1997 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1997 A Bonds, and not so included, may be included in another Supplemental Resolution.

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

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $2,479,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1997 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $2,479,000, of which approximately $1,081,000 will be from proceeds of the Series 1997 A Bonds, approximately $1,250,000 will be from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and approximately $148,000 will be from a grant by the Council.

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 1997 A Bonds, funding a reserve account for the Series 1997 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1997 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1997 A Bonds of the Issuer. The Series 1997 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,081,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1997 A Bonds remaining after funding of the Series 1997 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1997 A Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1997 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1997 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1997 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1997 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1997 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1997 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Series 1997 A 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 Series 1997 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1997 A Bonds shall cease to be such officer of the Issuer before the Series 1997 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1997 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1997 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1997 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1997 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1997 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1997 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1997 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account. No holder or holders of the Series 1997 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1997 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1997 A Bonds

shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the First Lien Bonds and senior and prior to the lien on such Net Revenues in favor of the Holder of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1997 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1997 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1997 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1997 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1997 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1997 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 1997 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1997 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

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 _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia,

including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) 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"), (2) SEWER REVENUE BONDS, SERIES 1988 A, DATED SEPTEMBER 30, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $694,925 (THE "SERIES 1988 A BONDS"), AND (3) SEWER REVENUE BONDS, SERIES 1989 A, DATED APRIL 3, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,013,841 (THE "SERIES 1989 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S (1) 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"), (2) SEWER REVENUE BONDS, SERIES 1988 B, DATED SEPTEMBER 30, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $173,731 (THE "SERIES 1988 B BONDS"), AND (3) SEWER REVENUE BONDS, SERIES 1989 B, DATED APRIL 3 , 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $150,288 (THE "SERIES 1989 B BONDS"). THE SERIES 1986 A BONDS, THE SERIES 1988 A BONDS AND THE SERIES 1989 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS." THE SERIES 1986 B BONDS, THE SERIES 1988 B BONDS AND THE SERIES 1989 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SECOND LIEN BONDS." THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds

which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1997 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the

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

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

IN WITNESS WHEREOF, 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 _____, 199__.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1997 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule in substantially the form attached to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Bond Construction Trust Fund.

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

(1) Series 1986 A Bonds Sinking Fund (established by the Prior Resolutions);

(2) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account (established by the Prior Resolutions);

(3) Series 1986 B Bonds Sinking Fund (established by the Prior Resolutions);

(4) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account (established by the Prior Resolutions);

(5) Series 1988 A Bonds Sinking Fund (established by the Prior Resolutions);

(6) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account (established by the Prior Resolutions);

(7) Series 1988 B Bonds Sinking Fund (established by the Prior Resolutions);

(8) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account (established by the Prior Resolutions);

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

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

(11) Series 1989 B Bonds Sinking Fund (established by the Prior Resolutions);

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

(13) Series 1997 A Bonds Sinking Fund; and

(14) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1986 A Bonds Sinking Fund the amounts required by the Prior Resolutions to pay interest on and principal of the Series 1986 A Bonds, (ii) for deposit in the Series 1988 A Bonds Sinking Fund the amounts required by the Prior Resolutions to pay interest on and principal of the Series 1988 A Bonds, (iii) for deposit in the Series 1989 A Bonds Sinking Fund the amounts required by the Prior Resolutions to pay interest on and principal of the

Series 1989 A Bonds, and (iv) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, for deposit in the Series 1997 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1986 A Bonds Reserve Account the amount required by the Prior Resolutions, (ii) for deposit in the Series 1988 A Bonds Reserve Account the amount required by the Prior Resolutions, (iii) for deposit in the Series 1989 A Bonds Reserve Account the amount required by the Prior Resolutions, and (iv) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, if not fully funded upon issuance of the Series 1997 A Bonds, for deposit in the Series 1997 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1997 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1997 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 1997 A Bonds Reserve Requirement.

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

maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1986 B Bonds Sinking Fund the amount required by the Prior Resolutions to pay principal of the Series 1986 B Bonds, (ii) for deposit in the Series 1988 B Bonds Sinking Fund the amount required by the Prior Resolutions to pay principal of the Series 1988 B Bonds, and (iii) for deposit in the Series 1989 B Bonds Sinking Fund the amount required by the Prior Resolutions to pay principal of the Series 1989 B Bonds.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1986 B Bonds Reserve Account the amount required by the Prior Resolutions, (ii) for deposit in the Series 1988 B Bonds Reserve Account the amount required by the Prior Resolutions, and (iii) for deposit in the Series 1989 B Bonds Reserve Account the amount required by the Prior Resolutions.

Moneys in the Series 1997 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1997 A Bonds as the same shall become due. Moneys in the Series 1997 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1997 A Bonds as the same shall come due, when other moneys in the Series 1997 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the 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 payment, if any, due on the Series 1997 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1997 A Bonds Reserve Account which result in a reduction in the balance of the Series 1997 A Bonds Reserve Account to below the Series 1997 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 1997 A Bonds are issued, provision shall be made for additional payments into the respective sinking

funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1997 A Bonds Sinking Fund or the Series 1997 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1997 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Series 1997 A Bonds, and thereafter, with respect to the Second Lien Bonds, all in accordance with the respective principal amounts then outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required hereunder.

Moneys in the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1997 A Bonds Sinking Fund, including the Series 1997 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1997 A 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. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1997 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and

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

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

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

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

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

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

I. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1997 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1997 A Bonds, there shall first be deposited with the Commission in the Series 1997 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1997 A Bonds for the period commencing on the date of issuance of the Series 1997 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1997 A Bonds, there shall be deposited with the Commission in the Series 1997 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1997 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1997 A Bonds, such moneys 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 and until so transferred or expended, are hereby pledged as additional security for the Series 1997 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1997 A Bonds shall be applied as directed by the Council and the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall each month provide the Council and the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from, the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(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.

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.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1997 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1997 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1997 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional,. statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1997 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1997 A Bonds or the interest , if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1997 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the First Lien Bonds and senior and prior to the lien on such Net Revenues in favor of the Holder of the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 1997 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered June 19, 1996, in Case No. 95-1080-PSD-42T, and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 1997 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged,

leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1997 A Bonds, immediately be remitted to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 1997 A Bonds. Any balance remaining after the payment of the Series 1997 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1997 A Bonds. All obligations issued by the Issuer after the issuance of the Series 1997 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1997 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1997 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 1997 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1997 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided (unless less restrictive then the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1997 A Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity

Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1997 A Bonds on such revenues. The Issuer shall not

issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1997 A Bonds.

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

Section 7.08. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 1997 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1997 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with OMB Circular 128 and the Single Audit Act and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1997 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 1997 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating

Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1997 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 1997 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1997 A Bonds Reserve Account and the Reserve Accounts for obligations on a parity with or junior to the Series 1997 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1997 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 1997 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant in compliance with OMB Circular 128 and the Single Audit Act, the report of which audit shall be submitted to the Authority and the Council and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy of such report to the Authority and the Council by the 15th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, the Council and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To

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

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

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

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

all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

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

means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all Federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1997 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1997 A Bonds during the term thereof is, under the terms of the Series 1997 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1997 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1997 A Bonds during the term thereof is, under the terms of the Series 1997 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1997 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the

Project, or if the Series 1997 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1997 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1997 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1997 A Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1997 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1997 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1997 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holder of the First Lien Bonds and senior and prior to the statutory mortgage lien in favor of the Holder of the Second Lien Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

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

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

Section 7.22. Contracts. A. The Issuer shall, simultaneously with the delivery of the Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer will submit all proposed change orders to the Council for written approval. The Issuer will obtain the written approval of the Council before expending any proceeds of the Series 1997 A Bonds held in "contingency" as set forth in the final Schedule B to the Loan Agreement. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 1997 A Bonds made available due to bid or construction or project underruns.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 1997 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1997 A Bonds which would cause the Series 1997 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1997 A Bonds) so that the interest, if any, on the Series 1997 A Bonds will be and remain excluded from gross income

for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1997 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1997 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

If the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1997 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1997 A Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and 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 any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

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 any exception to rebate, the Issuer shall submit 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 Series 1997 A Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all

funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1997 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 1997 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1997 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1997 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1997 A Bonds shall be on a parity with the Holder of the First Lien Bonds and senior and prior to the Holder of the Second Lien Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no

court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

[RESERVED]

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1997 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1997 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1997 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 1997 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 1997 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1997 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 1997 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

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

(a) The maximum amount of the Series 1997 A Bonds to be issued;

(b) The maximum interest rate and terms of the Series 1997 A Bonds authorized hereby;

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

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

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

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

Adopted this 8th day of October, 1997.

James C. Boyd Jr.
Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of OHIO COUNTY PUBLIC SERVICE DISTRICT on the 8th day of October, 1997.

Dated: October 15, 1997.

[SEAL]

Secretary

10/02/97
670150/96001

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF OHIO COUNTY PUBLIC SERVICE DISTRICT; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Ohio County Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective October 8, 1997 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO 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 $1,081,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND

DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund) (the "Bonds" or the "Series 1997 A Bonds"), of the Issuer, in an aggregate principal amount not to exceed $1,081,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,081,000. The Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2037, and shall bear no interest. The principal of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1998, and ending June 1, 2037, and in the amounts as set forth in "Schedule X" and "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the Council, 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 Bonds.

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

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

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

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

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

Section 7. Series 1997 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1997 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 1997 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1997 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 1997 A Bonds shall be deposited in the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Series 1997 A Bonds.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 1997 A Bonds hereby and by the Resolution approved and provided for, to the end that the Series 1997 A Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about October 15, 1997.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 1997 A Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Series 1997 A Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 1997 A Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

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

Adopted this 8th day of October, 1997.

OHIO COUNTY PUBLIC SERVICE DISTRICT

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of OHIO COUNTY PUBLIC SERVICE DISTRICT on the 8th day of October, 1997.

Dated: October 15, 1997.

[SEAL]

Secretary

09/09/97
670150/96001

IC/WDA-1
(July 1996)

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the governmental agency designated below (the "Governmental Agency");

OHIO COUNTY PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a 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 project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

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

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Council Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Division of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and 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 unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

2.4 The Governmental Agency agrees that the Authority and 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 and representatives 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 with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the 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 and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

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 Council and the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such 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 Council, the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 15th of each month to the Authority and Council.

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall either have received bids or entered 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, the form of which certificate is attached hereto as Exhibit A;

(d) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority 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 with all requisite appeal periods having expired without successful appeal, 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) with all requisite appeal periods having expired without successful appeal, 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 Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(i) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of 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 Council for loans to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available in the Infrastructure Fund funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by 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, if any, 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 or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, based upon the rates, Operating Expenses and customer usage on the date of closing, 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 or independent 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 and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

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

(xiii) That for wastewater systems, 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 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 may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

(xvi) That, 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;

(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 State's general obligation bonds or any bonds secured by the Local Bonds;

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

(xix) To the extent applicable, that the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider; and

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Code) from time to time as the Authority may request.

(xxi) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule B. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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 B.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such

reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority and the Council.

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the State's general obligation bonds unless otherwise agreed to by the Council.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the 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 the Act and State law, including without limitation the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority 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.

6.2 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for Federal income tax purposes of interest on the Local Bonds.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.4 The Governmental Agency hereby agrees to give the Authority 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 Loan and additional covenants and agreements of the Governmental Agency may be set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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 6.1 hereof; or

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

7.9 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Division of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

(SEAL)

By: James C. Boyd Jr.
Its: Chairman

Attest:
Its: Secretary

Date: 10/15/97

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyntkoski
Director

Attest:
Barbara B Meadows
Secretary-Treasurer

Date: October 15, 1997

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in ___ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19_, effective ___, 19_, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19_.

1. The Bonds are being issued for the purpose of _____ _____ (the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least _____ years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the ____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) 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 __ day of ____, 19_.

_____

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
c/o West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We are bond counsel to _____ (the "GovernmentalAgency"),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 and principal payable in installments on September 1, December 1, March 1 and June 1 of each year, beginning December 1, 1997, at the rate as set forth in Exhibit A incorporated in and made a part of the Bonds.

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. [If required, 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,

EXHIBIT C

Monthly Financial Report

_____

[Name of Governmental Agency]

_____

_____

[Name of Bond Issue]

Fiscal Year - __

Report Month: _____

	ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1.	Gross Revenues Collected				
2.	Operation and Maintenance Expense				
3.	Other Bond Debt Payments (including Reserve Fund deposits)				
4.	Bond Payments (include Reserve Fund deposits)				
5.	Renewal and Replacement Fund Deposit				
6.	Funds available for capital construction				

Witnesseth my signature this __ day of ____, 19_.

[Name of Governmental Agency]

By: _____
Authorized Officer

C:\OFFICE\WPWIN\WPDOCS\CLOSED\OHIOCO.AGR

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	$1,081,000
Purchase Price of Bonds	$1,081,000

Principal on the Bonds is payable quarterly, commencing September 1, 1998 to and including June 1, 2037, at a rate of 0% per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 commencing September 1, 1998, as set forth on Schedule Y attached hereto and incorporated herein by reference. The Bonds shall be issued on a parity with the Governmental Agency's Sewer Revenue Bonds, Series 1986A, Sewer Revenue Bonds, Series 1988A, and Sewer Revenue Bonds, Series 1989A, and senior and prior to the Sewer Revenue Bonds, Series 1986B, Sewer Revenue Bonds, Series 1988B and Sewer Revenue Bonds, Series 1989B.

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

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and such Bonds shall grant the Authority a first lien on the net revenues of the Governmental Agency's system.

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

Ohio County Public Service District, West Virginia
$1,081,000 Infrastructure Fund Loan
40 Years, 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1998	6,929.49	-	6,929.49
12/01/1998	6,929.49	-	6,929.49
3/01/1999	6,929.49	-	6,929.49
6/01/1999	6,929.49	-	6,929.49
9/01/1999	6,929.49	-	6,929.49
12/01/1999	6,929.49	-	6,929.49
3/01/2000	6,929.49	-	6,929.49
6/01/2000	6,929.49	-	6,929.49
9/01/2000	6,929.49	-	6,929.49
12/01/2000	6,929.49	-	6,929.49
3/01/2001	6,929.49	-	6,929.49
6/01/2001	6,929.49	-	6,929.49
9/01/2001	6,929.49	-	6,929.49
12/01/2001	6,929.49	-	6,929.49
3/01/2002	6,929.49	-	6,929.49
6/01/2002	6,929.49	-	6,929.49
9/01/2002	6,929.49	-	6,929.49
12/01/2002	6,929.49	-	6,929.49
3/01/2003	6,929.49	-	6,929.49
6/01/2003	6,929.49	-	6,929.49
9/01/2003	6,929.49	-	6,929.49
12/01/2003	6,929.49	-	6,929.49
3/01/2004	6,929.49	-	6,929.49
6/01/2004	6,929.49	-	6,929.49
9/01/2004	6,929.49	-	6,929.49
12/01/2004	6,929.49	-	6,929.49
3/01/2005	6,929.49	-	6,929.49
6/01/2005	6,929.49	-	6,929.49
9/01/2005	6,929.49	-	6,929.49
12/01/2005	6,929.49	-	6,929.49
3/01/2006	6,929.49	-	6,929.49
6/01/2006	6,929.49	-	6,929.49
9/01/2006	6,929.49	-	6,929.49
12/01/2006	6,929.49	-	6,929.49
3/01/2007	6,929.49	-	6,929.49
6/01/2007	6,929.49	-	6,929.49
9/01/2007	6,929.49	-	6,929.49
12/01/2007	6,929.49	-	6,929.49
3/01/2008	6,929.49	-	6,929.49
6/01/2008	6,929.49	-	6,929.49
9/01/2008	6,929.49	-	6,929.49
12/01/2008	6,929.49	-	6,929.49
3/01/2009	6,929.49	-	6,929.49
6/01/2009	6,929.49	-	6,929.49
9/01/2009	6,929.49	-	6,929.49

Ohio County Public Service District, West Virginia
$1,081,000 Infrastructure Fund Loan
40 Years, 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2009	6,929.49	-	6,929.49
3/01/2010	6,929.49	-	6,929.49
6/01/2010	6,929.49	-	6,929.49
9/01/2010	6,929.49	-	6,929.49
12/01/2010	6,929.49	-	6,929.49
3/01/2011	6,929.49	-	6,929.49
6/01/2011	6,929.49	-	6,929.49
9/01/2011	6,929.49	-	6,929.49
12/01/2011	6,929.49	-	6,929.49
3/01/2012	6,929.49	-	6,929.49
6/01/2012	6,929.49	-	6,929.49
9/01/2012	6,929.49	-	6,929.49
12/01/2012	6,929.49	-	6,929.49
3/01/2013	6,929.49	-	6,929.49
6/01/2013	6,929.49	-	6,929.49
9/01/2013	6,929.49	-	6,929.49
12/01/2013	6,929.49	-	6,929.49
3/01/2014	6,929.49	-	6,929.49
6/01/2014	6,929.49	-	6,929.49
9/01/2014	6,929.49	-	6,929.49
12/01/2014	6,929.49	-	6,929.49
3/01/2015	6,929.49	-	6,929.49
6/01/2015	6,929.49	-	6,929.49
9/01/2015	6,929.49	-	6,929.49
12/01/2015	6,929.49	-	6,929.49
3/01/2016	6,929.49	-	6,929.49
6/01/2016	6,929.49	-	6,929.49
9/01/2016	6,929.49	-	6,929.49
12/01/2016	6,929.49	-	6,929.49
3/01/2017	6,929.49	-	6,929.49
6/01/2017	6,929.49	-	6,929.49
9/01/2017	6,929.49	-	6,929.49
12/01/2017	6,929.49	-	6,929.49
3/01/2018	6,929.49	-	6,929.49
6/01/2018	6,929.49	-	6,929.49
9/01/2018	6,929.49	-	6,929.49
12/01/2018	6,929.49	-	6,929.49
3/01/2019	6,929.49	-	6,929.49
6/01/2019	6,929.49	-	6,929.49
9/01/2019	6,929.49	-	6,929.49
12/01/2019	6,929.49	-	6,929.49
3/01/2020	6,929.49	-	6,929.49
6/01/2020	6,929.49	-	6,929.49
9/01/2020	6,929.49	-	6,929.49
12/01/2020	6,929.49	-	6,929.49

Ohio County Public Service District, West Virginia
$1,081,000 Infrastructure Fund Loan
40 Years, 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2021	6,929.49	-	6,929.49
6/01/2021	6,929.49	-	6,929.49
9/01/2021	6,929.49	-	6,929.49
12/01/2021	6,929.49	-	6,929.49
3/01/2022	6,929.49	-	6,929.49
6/01/2022	6,929.49	-	6,929.49
9/01/2022	6,929.49	-	6,929.49
12/01/2022	6,929.49	-	6,929.49
3/01/2023	6,929.49	-	6,929.49
6/01/2023	6,929.49	-	6,929.49
9/01/2023	6,929.49	-	6,929.49
12/01/2023	6,929.49	-	6,929.49
3/01/2024	6,929.49	-	6,929.49
6/01/2024	6,929.49	-	6,929.49
9/01/2024	6,929.49	-	6,929.49
12/01/2024	6,929.49	-	6,929.49
3/01/2025	6,929.49	-	6,929.49
6/01/2025	6,929.49	-	6,929.49
9/01/2025	6,929.49	-	6,929.49
12/01/2025	6,929.49	-	6,929.49
3/01/2026	6,929.49	-	6,929.49
6/01/2026	6,929.49	-	6,929.49
9/01/2026	6,929.49	-	6,929.49
12/01/2026	6,929.48	-	6,929.48
3/01/2027	6,929.48	-	6,929.48
6/01/2027	6,929.48	-	6,929.48
9/01/2027	6,929.48	-	6,929.48
12/01/2027	6,929.48	-	6,929.48
3/01/2028	6,929.48	-	6,929.48
6/01/2028	6,929.48	-	6,929.48
9/01/2028	6,929.48	-	6,929.48
12/01/2028	6,929.48	-	6,929.48
3/01/2029	6,929.48	-	6,929.48
6/01/2029	6,929.48	-	6,929.48
9/01/2029	6,929.48	-	6,929.48
12/01/2029	6,929.48	-	6,929.48
3/01/2030	6,929.48	-	6,929.48
6/01/2030	6,929.48	-	6,929.48
9/01/2030	6,929.48	-	6,929.48
12/01/2030	6,929.48	-	6,929.48
3/01/2031	6,929.48	-	6,929.48
6/01/2031	6,929.48	-	6,929.48
9/01/2031	6,929.48	-	6,929.48
12/01/2031	6,929.48	-	6,929.48
3/01/2032	6,929.48	-	6,929.48

Ohio County Public Service District, West Virginia
$1,081,000 Infrastructure Fund Loan
40 Years, 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2032	6,929.48	-	6,929.48
9/01/2032	6,929.48	-	6,929.48
12/01/2032	6,929.48	-	6,929.48
3/01/2033	6,929.48	-	6,929.48
6/01/2033	6,929.48	-	6,929.48
9/01/2033	6,929.48	-	6,929.48
12/01/2033	6,929.48	-	6,929.48
3/01/2034	6,929.48	-	6,929.48
6/01/2034	6,929.48	-	6,929.48
9/01/2034	6,929.48	-	6,929.48
12/01/2034	6,929.48	-	6,929.48
3/01/2035	6,929.48	-	6,929.48
6/01/2035	6,929.48	-	6,929.48
9/01/2035	6,929.48	-	6,929.48
12/01/2035	6,929.48	-	6,929.48
3/01/2036	6,929.48	-	6,929.48
6/01/2036	6,929.48	-	6,929.48
9/01/2036	6,929.48	-	6,929.48
12/01/2036	6,929.48	-	6,929.48
3/01/2037	6,929.48	-	6,929.48
6/01/2037	6,929.47	-	6,929.47
TOTAL	1,081,000.00	-	1,081,000.00

YIELD STATISTICS

Bond Year Dollars	$21,124.54
Average Life	19.542 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	0.0000000%
Bond Yield for Arbitrage Purposes	0.0000000%
All Inclusive Cost (AIC)	0.0000000%
IRS FORM 8038	
Net Interest Cost	-
Weighted Average Maturity	19.542 Years

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
7-9-96

Entered: June 19, 1996

CASE NO. 95-1080-PSD-42T

OHIO COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Triadelphia, Ohio County.
In the matter of increased
sewer rates and charges.

RECOMMENDED DECISION

PROCEDURE

On February 1, 1996, the Ohio County Public Service District (District), a public utility, filed a request to increase rates and charges by approximately $124,003, or 25% annually, for providing sewer service to 1,451 customers in Ohio, Brooke and Marshall Counties, to become effective March 23, 1996.

By Order entered March 4, 1996, the Public Service Commission (Commission) suspended the tariff sheets and the rates and charges they authorized until 12:01 a.m., July 21, 1996, unless otherwise ordered by the Commission. The Commission required the District to provide public legal notice of the filing by posting and publishing a prepared Notice of Filing and Opportunity to Intervene once a week for two successive weeks, within a specified time frame, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in each of the Counties of Ohio, Brooke and Marshall, and to make due return to the Commission.

The March 4, 1996 Order also referred this matter to the Division of Administrative Law Judges (ALJ Division) for a decision to be issued on or before June 21, 1996, and ordered Commission Staff to submit its report in this matter on or before May 1, 1996.

On March 8, 1996, the undersigned ALJ issued a Procedural Order scheduling this matter for hearing at 1:00 p.m. on May 8, 1996, in Room 215, City-County Complex, 1500 Chapline Street, Wheeling, West Virginia. The District was also ordered to cause to be published as a Class II legal notice a Notice of Hearing, which was attached to the order, in newspapers published and of general circulation in each of the Counties of Ohio, Brooke and Marshall Counties.

On April 13, 1996, the District filed affidavits establishing that the Notice of Filing and Opportunity to Intervene had been published in the Wheeling Intelligencer and the Moundsville Daily Echo on March 20 and 27, 1996, and in The Brooke County Review on March 21 and 28, 1996, consistent with the order of March 4, 1996.

On April 29, 1996, the Staff Report, authored by Charles Knurek, Financial Analyst, and Robert L. Skiles, Engineer, both of the Public Service District Division of the Commission, was filed. In the report Staff explained that the primary reason the District had requested a rate increase was that its revenues had decreased with the detection and abatement of a major water leak at West Liberty State College that had been undetected for several years. Staff recommended that the District's three rate schedules be consolidated into one, and conducted a class cost of service study of the two classes of customers of the District, residential and commercial, in order to design an appropriate rate structure. The consolidated schedule Staff recommended would provide $652,348 in revenue, lower than the $742,630 the proposed rates would have provided. Staff explained that, with adoption of its rates, a bill based on 3,000 gallons of water used per month would be $21.22 and a bill based on 4,500 gallons would be $28.17. For comparison, Staff stated that, under Schedule 1 of the District's proposed rates, a bill based on 3,000 gallons would be $20.87 and a bill based on 4,500 gallons would be $25.99. The correlative proposed rates for Schedule 2 would be $16.40 and $23.42, and for Schedule 3 would be $23.51 and $32.90. Moreover, Staff recommended that the basis for all sewer charges for customers with non-metered water supply be 4,500 gallons, changing the 4,100-gallon basis that has applied to the Schedule 2 customers of the District.

Staff stated that the District's debt service reserves are fully funded, and, with adoption of the Staff-recommended rates, the District's debt service coverage would be 121%, greater than the 110% required by the District's bond resolutions. Explaining that the bond resolutions from the West Virginia Water Development Authority (WDA) require the District to fund a renewal and replacement (R & R) account in an amount equal to 2½% of gross operating revenues, Staff stated that the District has $57,440 in its R & R reserve account. Mr. Skiles explained that the rates Staff recommended would provide approximately $16,000 for annual R & R and $21,000 for new service connections, which would be adequate. Accordingly, Staff was recommending an annual surplus level of $37,000.

Also, noting that the District has a 40.8% infiltration/inflow (I & I) level, Mr. Skiles recommended that the District be directed to develop and implement a systematic program for identification and elimination of I & I sources, within 60 days of the date the Commission's order in this case becomes final, and that the results of the program be reported to the Commission annually for a period of two years. Staff finally recommended that the District request a review of its rates and charges following twelve months of operations after the final order is issued in this matter.

Hearing was held as scheduled. John Bailey appeared as counsel on behalf of the District and Ron Robertson appeared as Staff Attorney. Mr.

Bailey presented affidavits establishing that the Notice of Hearing had been published in the Wheeling Intelligencer and the Moundsville Daily Echo on April 10 and 17, 1996, and in The Brooke County Review on April 11 and 18, 1996. (See District Exhibit 1). In his opening statement, Mr. Bailey clarified that the District had no serious objection to the rates proposed by Commission Staff. He stated that District was concerned, however, by the facts that the bond covenants for the financing of the District's sewer system require that 2½% of the gross income of the District be placed into a renewal and replacement (R & R) fund and the District had been doing so, but that, because the R & R fund has become substantial, Staff was recommending that the practice be discontinued. Mr. Bailey called three witnesses and Mr. Robertson called two. Thereafter, Judy Heldeffer requested intervenor status, and, upon neither counsel having objection thereto, was allowed to intervene, and, accordingly, to testify and to recall two witnesses as her own. Included in the documents the parties submitted into evidence were the Staff Report (Staff Exhibit 1), an updated attachment to it (Staff Exhibit 2), and the Rule 42 Exhibit (District Exhibit 3).

The transcript was filed May 21, 1996. No briefs were filed.

EVIDENCE

Thad P. Obecny, who testified that he was the Certified Public Accountant who had prepared the Rule 42 Exhibit for the District, stated that he accepted the majority of Staff recommendations but did object to the fact that Staff did not include full funding for R & R. (Tr. 13-14). Asked how he had calculated the R & R figures used in the Rule 42 Exhibit, he stated that the District's engineer had determined the normal useful lives of items that wear out and need to be replaced and that, based on when the various items had been installed, their depreciation had been calculated to determine how much funding had to be set aside to fund the cost of replacing them. (Tr. 14). Mr. Obecny thought it appropriate to include in the rate structure annual R & R funds of approximately $45,000, stating that, as of June 30, 1995, the District should have set aside $302,865, and was short at that time $30,765. (Tr. 15). He agreed that the bond covenants require an annual contribution to the R & R fund of 2½%. (Tr. 15). Regarding the Staff recommendation that the District begin an I & I program, he stated that the District was planning such a program. (Tr. 16). There are no funds for such a program in Staff's rate structure. (Tr. 16).

Morgan Coast, a licensed professional engineer who had assisted in developing the R & R figures about which Mr. Obecny had testified, stated that he used the estimated useful lives of the components provided by the Federal Register. (Tr. 18). Some of the replacement cost figures were based on costs of items that had already been replaced, while others were estimated. (Tr. 18).

Edwin Clifford, the General Manager of the District, testified that the last rate increase for the District's sewer system had been in February 1992, and that the District was requesting this rate increase because of a water

leak at West Liberty College (College), the District's largest customer. (Tr. 20-21). He explained that the College, like any residential customer, is billed for sewage service based on its water consumption; that the sewer rates had been based on the historical water usage; and that the water usage of the College had been misleading because a large water leak, at one point reaching 117 gallons per minute, or more than five million gallons per month, had been undetected for many years. When the leak was found and repaired in November 1994, the College's water bill, and, therefore, its sewer bill, fell dramatically. (Tr. 22). However, because the District's sewer treatment bill from the City of Wheeling is based upon actual usage metered at the points where the sewage goes from the District's lines into the City's lines and the leaking water had not gone into the City's lines, the bill from the City did not change when the leak was fixed. Accordingly, while approximately $253,000 per year in sewer revenue was lost, the costs remained the same. (Tr. 23).

Mr. Clifford stated that the College is also a major source of the District's I & I, explaining that the College has many roof drains connected to the sanitary sewer system, in violation of the rules and regulations of the District and the Commission. (Tr. 24). Under a Commission formula, it had been calculated that the inflow from the College of the roof drain water is approximately six million gallons per year. (Tr. 24). The District had filed a suit against the College in Circuit Court, and the Court had ordered the College to remove the roof drains from the sewer system over the next four years. (Tr. 24). Further I & I problems exist at Clinton Hills, where the District had taken over existing sewer lines, some of which are made of clay tile, and the District is presently repairing and replacing the broken lines as quickly as it can. (Tr. 25). On cross-examination, Mr. Robertson, noting that the District's tariff provides for a surcharge to customers who have surface drains connected to the sanitary sewer system, asked if the District was surcharging the College, and Mr. Clifford replied that, pursuant to an agreement entered in the case in the Circuit Court, the College would be working to get the roof drains disconnected within four years, and the District would not assess the surcharge against it in the meantime. (Tr. 26).

Mr. Skiles explained the class cost of service study Staff had conducted in this matter. (Tr. 29-33). He stated that the allocated annual cost of providing service to the residential class of customers of the District was $462,229; the allocated cost of providing service to the industrial class was $189,768; and the total cost was $651,997 annually. (Tr. 33). Opining that the District was well run, he indicated that the only savings that he could foresee would be to correct the I & I problem of the District, which would lower its expenses. (Tr. 34). Staff did not think special funding was necessary for the District to institute an I & I program because the program could be a gradual process, including flow monitoring and correction of problems over a period of time, and the District's employees could conduct the program. (Tr. 36).

Mr. Skiles elaborated on the loss of revenue resulting from the repair of the water leak at the College, stating that the annual revenue from the

College dropped from $397,921 to $135,563. The loss of water through the leak had been 145,112 gallons per day, costing $719 per day. (Tr. 37).

Regarding the R & R funding, Mr. Skiles testified that Staff had determined that $16,000 per year for R & R was appropriate, and also stated that Staff had allocated $21,000 annually for new service connections. (Tr. 38-40).

Mr. Knurek stated that, in addition to the revenue the rates will produce, the District will also earn $10,287 from forfeited discounts and $22,341 in interest. (Tr. 50-51). Mr. Knurek explained that Staff eliminated $44,893 per year that the District was reserving for R & R funding because the District currently has $57,000 invested, representing approximately three years of R & R reserve. (Tr. 51). Agreeing that the WDA, in its bond resolution, requires the District to set aside each year 2½% of gross revenues for the R & R reserve, which is about $17,000 a year, he stated that Staff views the reserve as being fully funded since the District has accumulated sufficient funds to cover more than three years' of R & R. (Tr. 52, 59). Mr. Knurek stressed that Staff's rates would provide a $37,000 surplus, and stated that the Staff-recommended rates would produce a 10% increase in revenue for the District. (Tr. 52-53). Asked what would be Staff's recommendation if the District used up the $57,000 it had on hand for R & R, Mr. Knurek stated that part of his recommendation was that the District be required to come back after one year of operation after the date of the final order in this case so that it could be determined if the usage patterns are panning out. (Tr. 53). At that time, if the District's treatment costs have been reduced due to correction of I & I problems, the need for further funding could be reviewed and, if the District has had to use part of the $57,000, Staff can reinstate the 2½% reserve. (Tr. 53-54). He further emphasized that it is the general policy of the Commission not to further fund reserve accounts if the debt service reserves are fully funded and the R & R reserve has sufficient monies in it. (Tr. 54).

On cross-examination, Mr. Knurek reiterated the requirement of the Water Development Authority that 2½% of the District's gross income be put in an R & R account. (Tr. 59). He again stated that Staff found the R & R reserves sufficient but that, if the R & R reserve were depleted, the District would be free to request a rate increase, even on an emergency basis. (Tr. 60).

Ms. Heldeffer stated that she had compared the budgets of the four years of 1992 through 1995 to compare the expenses of the District. (Tr. 66). She, therefore, asked a variety of questions of Mr. Clifford and Mr. Obecny[1] regarding the budgets of the District and the Rule 42 Exhibit it had submitted in this matter. (Tr. 66-87). She did not make any statement supporting or protesting any proposed rate increase.

---

[1]The transcript incorrectly identifies Mr. Knurek as the witness.

Two members of the public, Mary Palma and Samuel Posin, made statements regarding the proposed rate increases.[2] Ms. Palma stated that, since a miscalculation regarding the College's water usage had been made when the sewer system was instituted, some resolution for the loss of revenue should be reached other than the District's customers having to pay higher sewer bills, since the utility bills of the District are already high. (Tr. 91). Mr. Posin, President of the Clinton Hills Improvement Association, presented petitions from residents of Clinton Hills, protesting the rate increase proposed by the District.[3]

DISCUSSION

The only apparent issue in conflict between Commission Staff and the District in this matter is whether the rates should provide additional revenue, to be placed in the District's R & R reserve account, and, upon studying this record, the undersigned ALJ finds the issue a minor one, as, perhaps, Mr. Bailey indicated in his opening remarks. The undersigned ALJ finds the evidence inadequate to support the District's stated need for approximately $45,000 per year to be put aside for R & R. Certainly such an amount is not needed to fulfill the requirements of WDA, for, as stated by Mr. Knurek, 2½% of the District's gross annual revenue, including forfeited discounts and interest earnings, would be approximately $17,000 and Staff's recommended rates provide more than $16,000 for R & R; the $57,000 it presently has in the account would cover most unexpected expenditures; and, if the funds run short, it is free to request further rate increases, as Mr. Knurek testified. As Mr. Skiles stated in the Staff Report and in testimony, the Staff-recommended level of funding will provide $16,000 annually for R & R, as part of the District's $37,000 surplus. Therefore, a portion of the Staff-recommended surplus was intended to essentially meet the District's obligation to place 2½% of its gross revenues toward the District's R & R obligations. The undersigned ALJ is of the opinion that these amounts should be specifically placed in the District's segregated R & R account.

The undersigned ALJ is somewhat concerned by one aspect of Staff's consolidation of the District's rate schedules. That is, while overall the increase in sewer rates will be well within the 25% increase that was published in the Notice of Filing and Opportunity to Intervene and the Notice of Hearing, the customers who are presently under Schedule II will experience a higher increase, of approximately 47%. Nevertheless, since, as Staff noted, the minimum bill for such customers will be $16.40 and the bill

---

[2]A third, Ellen Shaw, simply stated that she thought the turnout would have been higher if the hearing had been held in the evening. (Tr. 95-96).

[3]Several of the petitions referred to a "proposed increase in water rates." Mr. Posin stated that the signers were aware that the proposed increase was in sewer rates, however. (Tr. 94-95).

for average usage will be $23.42, and, therefore, will still be moderate, the undersigned ALJ does not believe that the customers will suffer rate shock.[4]

Accordingly, the Staff-recommended rates will be approved. The petition presented at the hearing and the statement of Ms. Palma were not clear on whether only the 25% increase that the District had been proposing was being protested, or whether even the lesser 10% increase that would result from adoption of the Staff-recommended rates was also in protest. Insofar as the District customers were protesting any increase in the District's sewer, it may be stressed that, as a nonprofit utility, a public service district such as the District in this case must rely on its customers, the ratepayers, to cover increases in its ordinary expenses. Quite simply, there is no other source of such funding.

FINDINGS OF FACT

1. On February 1, 1996, the Ohio County Public Service District (District), a public utility, filed a request to increase rates and charges by approximately $124,003, or 25% annually, for providing sewer service to 1,451 customers in the Counties of Ohio, Brooke and Marshall. (See tariff filing; District Exhibit 3).

2. The primary reason for the requested sewer rate increase was that the District's revenue had dramatically decreased with the detection and abatement in November 1994 of a major water leak at West Liberty State College that had been undetected for several years. That is, since the College's sewer bill is based on its water bill, the sewer revenues decreased upon abatement of the leak, but the cost of treating the sewage did not diminish. (See Staff Exhibit 1; Tr. 20-23).

3. Commission Staff recommended that the District's three rate schedules be consolidated into one schedule, and, accordingly, conducted a class cost of service study of the two classes of the District's sewer customers, residential and commercial. Commission Staff thereupon recommended that all customers with a metered water supply be charged $7.33 per month plus $4.63 per 1,000 gallons and all customers with a non-metered water supply be charged $28.17 per month, equivalent to 4,500 gallons of water-usage. The rates Staff recommended are included in the tariff attached hereto as Appendix A. Those rates would provide a 10% increase in the District's sewer revenues and, with the exception of those customers who have been under the District's Schedule 2, whose costs would rise approximately 47%, would cost the District's customers less than the rates proposed by the District. The Staff-recommended rates would provide debt service coverage of 121%, greater than the 110% required by the District's bond resolutions. Further, the rates would provide a $37,000 annual surplus,

[4]It is also noted that the number of customers who have been under Schedule 2 is relatively few, an approximate 248 out of the total 1,451 sewer customers of the District.

designated by Staff to provide $16,000 for R & R and $21,000 for new service connections. (See Staff Exhibit 1; Tr. 38-40, 52-53).

4. The WDA requires in its bond covenants that the District fund an R & R account in the amount of 2½% of its annual gross revenues. (See Staff Exhibit 1; Tr. 52, 59).

5. As of June 30, 1995, the District had a balance of $57,440 in its R & R reserve account, equaling approximately three years' of R & R. That amount, along with the $16,000 that the higher rates would provide for R & R, should be sufficient for the District's R & R needs. (See Staff Exhibit 1; Tr. 38-40, 51-53, 59-60).

6. Because the District has a 40.8% infiltration/inflow level, Commission Staff also recommended that the District be directed to develop and implement a systematic program for identification and elimination of I & I sources, to be conducted by the District's employees, within 60 days of the date the Commission's order in this case becomes final, and that the results of the program be reported to the Commission annually for a period of two years. (See Staff Exhibit 1; Tr. 34-36).

7. Commission Staff also recommended that the District to required to file a rate case after one year of operation after the date this case becomes final. (See Staff Exhibit 1; Tr. 53).

8. At hearing, the District's attorney stated that the District had no serious objection to the Commission Staff recommendations, except that it was concerned that the level of funding for R & R would be too low and contrary to the requirements of the WDA. The District's view was that annual R & R funds of approximately $45,000 should be set aside for R & R. The District based that figure on calculations of the useful lives of items that wear out and need to be replaced, and the estimated or actual costs of replacing those items. (District Exhibit 1; Tr. 6, 13-15, 18).

CONCLUSION OF LAW

It is appropriate to adopt the Staff recommendations provided in Findings of Fact 3, 6, and 7 because they are reasonable, and, except for the recommendation regarding the funding of the District's R & R account, they are unopposed by the District. Further, because the Staff-recommended rates provide adequate funding for the District's R & R account, the Staff-recommended rates and all concomitant changes to the District's tariff, as provided in Appendix A hereto, will be approved, particularly since the District will be required to file a rate case after one year of operation under the approved rates, and, at that time, any inadequacy in that funding could be rectified.

ORDER

IT IS, THEREFORE, ORDERED that the Staff-recommended rates and all other modifications to the tariff of Ohio County Public Service District, as provided in Appendix A hereto, be approved, to become effective for all service rendered on and after July 21, 1996.

IT IS FURTHER ORDERED that the Ohio County Public Service District file a revised tariff showing its new rates and other modifications, as provided in Appendix A hereto, within ten (10) days of the date that this order becomes a final order of the Commission.

IT IS FURTHER ORDERED that $16,000 of the annual surplus revenue of the Ohio County Public Service District be placed in the District's segregated renewal and replacement account.

IT IS FURTHER ORDERED that the Ohio County Public Service District, within sixty (60) days of the date that this matter becomes a final order, begin to develop and implement a systematic program for identification and elimination of infiltration/inflow sources, to be conducted by the District's employees; that the results of the program be reported to the Commission annually for a period of two years thereafter; and that the District continue the program until its I & I level reaches a level acceptable to Commission Staff.

IT IS FURTHER ORDERED that the Ohio County Public Service District file a rate case upon the expiration of one year after the date that this decision becomes a final order of the Commission.

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

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Acting 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.

Sunya Anderson
Administrative Law Judge

SA:s

APPENDIX A
Sheet 1 of 2

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 95-1080-PSD-42T
OHIO COUNTY PUBLIC SERVICE DISTRICT - SEWER
APPROVED TARIFF

Schedule I

Applicable within entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic and commercial sanitary sewer service.

CUSTOMERS WITH METERED WATER SUPPLY

$7.33 per month plus $4.63 per 1,000 gallons.

CUSTOMERS WITH NON-METERED WATER SUPPLY

The monthly charge for these customers will be $28.17 per month (equivalent to 4,500 gallons-usage). For larger users expected to use more than this average, the District may require the installation of a water meter.

DELAYED PAYMENT PENALTY

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

CONNECTION FEE

$200.00

WATER DISCONNECT-RECONNECT FEES/ADMINISTRATIVE FEE

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of $20.00 shall be charged; or in the event the delinquent sewer bill is collected by the water utility, an administrative fee of $20.00 shall be charged.

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

APPENDIX A
Sheet 1 of 2

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 95-1080-PSD-42T
OHIO COUNTY PUBLIC SERVICE DISTRICT - SEWER
APPROVED TARIFF

Schedule I

Applicable within entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic and commercial sanitary sewer service.

CUSTOMERS WITH METERED WATER SUPPLY

$7.33 per month plus $4.63 per 1,000 gallons.

CUSTOMERS WITH NON-METERED WATER SUPPLY

The monthly charge for these customers will be $28.17 per month (equivalent to 4,500 gallons-usage). For larger users expected to use more than this average, the District may require the installation of a water meter.

DELAYED PAYMENT PENALTY

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

CONNECTION FEE

$200.00

WATER DISCONNECT-RECONNECT FEES/ADMINISTRATIVE FEE

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of $20.00 shall be charged; or in the event the delinquent sewer bill is collected by the water utility, an administrative fee of $20.00 shall be charged.

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 11, 1997

CASE NO. 96-1429-PSD-CN

OHIO COUNTY PUBLIC SERVICE DISTRICT,
a public utility.
Application for a certificate of convenience and necessity to construct, maintain and operate a sanitary sewage collection and transmission system in and adjacent to The Village of Valley Grove, Ohio County, consisting of approximately 26,000 feet of gravity sewers, a lift station, and approximately 2,000 feet of force main to collect the sanitary sewage from 170 to 180 homes and businesses and to transmit the sewage to the existing gravity sewer lines of the Ohio County Public Service District.

RECOMMENDED DECISION

On January 27, 1997, Ohio County Public Service District (District or Applicant), a public utility, filed an application, duly verified, for a certificate of convenience and necessity to construct, maintain and operate a sanitary sewage collection and transmission system in and adjacent to the Town of Valley Grove, Ohio County, consisting of approximately 26,000 feet of gravity sewers, a lift station and approximately 2,000 feet of force main to collect the sanitary sewage from 170 to 180 homes and businesses and to transmit the sewage to the existing gravity sewer lines of the Ohio County Public Service District. The sewage will be transmitted to the Town of Tridelphia and into the City of Wheeling's wastewater system for treatment. The District estimates that construction will cost approximately $1,850,000, and will be financed by an Infrastructure Loan from the State Infrastructure Council in the amount of $600,000 and a grant from the Community Development Block Grant Fund in the amount of $1,250,000. The District intends to charge the new customers its current rates of $7.33 a month, plus $4.63 per 1,000 gallons.

On January 27, 1997, Commission Staff filed a Memorandum recommending that the Commission waive its Rule 42 Exhibit requirement in this case.

By Order issued on January 28, 1997, the District was directed to give notice of the filing of the application by publishing a copy of the January 28, 1997 Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Ohio County, making due return to the Commission of proper certification of publication immediately after publication. The Notice provided that anyone desiring to make objection to the application was to do so within thirty days after the

publication of the Notice. The Order further provided that, if no protests are received during the 30-day protest period, the Commission may waive formal hearing and grant the application based upon the evidence submitted with the application and its review.

By Order issued March 10, 1997, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before August 25, 1997.

On April 29, 1997, the Commission received an affidavit of publication indicating that the Notice of Filing was published on April 4 and 10, 1997, in The Wheeling Intelligencer, a newspaper of general circulation and duly qualified by the Secretary of State in Ohio County. No protests were filed to the project.

On May 13, 1997, Commission Staff filed a Final Joint Staff Memorandum indicating that the project has been found to be necessary, convenient and in the public interest. Staff advised that raw sewage is being discharged onto the ground or into the Little Wheeling Creek or its tributaries in the area to be served. No public sewer facilities exist in the service area.

The District proposed in its application a preconstruction tap fee of $100. The District requested in the certificate process that the fee be waived, citing an income survey that was done in the service area which revealed that 52.8% of the families in the area to be served have low or moderate incomes. Staff noted that a significant number of the families to be served are not actual property owners but tenants of rental property. Even though Staff requested that the District provide it with a breakdown of the residents to be served on a tenant versus property owner basis, the information had not been received at the time the Memorandum was filed. The District's tariff on file with the Commission contains a tap fee of $200. Staff did not recommend that the tap fee be waived. Staff confirmed the Community Development Block Grant in the amount of $1,250,000 and the West Virginia Infrastructure Council Loan in the amount of $600,000, for a period of 40 years at 0% interest. The average bill for 4,500 gallons under the District's tariff would equate to a bill of $28.17. The total project cost estimate of $2,010,000, which is to serve approximately 198 customers, reveals an investment of $11,229 per customer. Staff acknowledged that the cost per customer was moderately high, but not excessive for the sewer service. Staff believes the project density of 37 customers per mile is acceptable.

The District will own and maintain the new sewer collection system which will serve the Village of Valley Grove. An agreement between the District and The Village of Valley Grove was submitted to the Commission by transmittal letter dated January 7, 1997. Staff has reviewed the agreement and does not oppose its contents. Staff advised that The Village of Valley Grove is not a public utility and does not have an existing facility; therefore, Staff does not feel that the agreement would be subject to Commission approval, pursuant to West Virginia Code §24-2-12. Staff noted that The Village of Valley Grove was included in the territorial boundaries of Ohio County Public Service District in Case No. 96-1011-PSD-PC, by Recommended Decision which became final on February 18, 1997.

Staff noted that the plans and specification on file for the project reveal several instances where the sewer main is on one side of a creek and the property to be served is on the other. Service laterals are extended across the creek to the property to be served violating Rule 5.4.5 of the Commission's Rules and Regulations for the Government of Sewer Utilities (Sewer Rules). Staff feels that, as a result of the nature of the area's terrain, the main cannot practically be designed to have a right-of-way which abuts the premises or property to be served. To require every service line to comply with Sewer Rule 5.4.5 would be impractical. Staff recommended that, as long as the utility installs, owns, operates and maintains the service laterals with appropriate easements, Sewer Rule 5.4.5 be waived for this project.

Staff concurred with the review comments from the West Virginia Bureau for Public Health and Division of Environmental Protection (DEP) and recommended that those concerns be addressed by the District's engineering consultant. Staff recommended that the application be approved, subject to final approval documentation from the West Virginia Bureau of Public Health and DEP; that Sewer Rule 5.4.5 be waived with respect to the customers identified in attachment RLS-2; and that the District's request to waive the preconstruction tap fee of $100 for the Valley Grove area new customers be denied.

On May 21, 1997, the District filed a response to Staff's Final Joint Staff Memorandum accepting Staff's recommendation.

DISCUSSION

The Administrative Law Judge has reviewed the District's tariff on file at the Commission and agrees with Staff that it contains a $200 connection fee. Therefore, the District is required to charge the fee. Since the District published a $100 preconstruction tap fee for this project and no protests were received to the fee, the Administrative Law Judge feels that the $100 preconstruction tap fee can be approved, to be charged to any new customer served by this project, as long as the customer pays the fee prior to the time the system passes the customer's property.

FINDINGS OF FACT

1. On January 27, 1997, Ohio County Public Service District, a public utility, filed an application, duly verified, for a certificate of convenience and necessity to construct, maintain and operate a sanitary sewage collection and transmission system in and adjacent to The Village of Valley Grove, Ohio County, consisting of approximately 26,000 feet of gravity sewers, a lift station, and approximately 2,000 feet of force main (See, Application).

2. The estimated total project cost is approximately $2,010,000. (See, Final Joint Staff Memorandum filed May 13, 1997).

3. The project construction cost of $1,825,000 is to be financed by an Infrastructure Loan from the State Infrastructure Council in the amount of $600,000, at 0% interest for a period of forty years, and a grant from

the Community Development Block Grant Fund in the amount of $1,250,000 (See, Application; Final Joint Staff Memorandum filed May 13, 1997).

4. A rate increase will not be required as a result of the project. (See, Final Joint Staff Memorandum filed May 13, 1997).

5. The area to be served by the project has no existing public sewer facilities. Currently, raw sewage is being discharged onto the ground and into the Little Wheeling Creek and its tributaries. (Final Joint Staff Memorandum filed May 13, 1997).

6. Staff reviewed the District's plans and specifications and recommended that the comments from the West Virginia Bureau of Public Health and the DEP, as attached as Appendix A, be addressed by the District's engineering consultant. (See, Final Joint Staff Memorandum filed May 13, 1997).

7. Staff recommended approval of the application, without a hearing, subject to final approval documentation from the West Virginia Bureau of Public Health and the DEP. (See, Final Joint Staff Memorandum filed May 13 1997).

8. Staff recommended that the District's request to waive its $100 tap fee for The Village of Valley Grove's new customers be denied. (See, Final Joint Staff Memorandum filed May 13, 1997).

9. Staff recommended that Sewer Rule 5.4.5, with respect to the customers as outlined on Attachment RLS-2, be waived on the condition that the District install, own, operate and maintain the service laterals with appropriate easements for those customers. (See, Final Joint Staff Memorandum filed May 13, 1997).

10. Notice of the filing was published in The Wheeling Intelligencer on April 4 and 10, 1997, pursuant to West Virginia Code §24-2-11, with no protests being received to the application during the 30-day protest period. (See, Affidavits of Publication filed April 28, 1997; case file generally).

11. The District accepted Staff's recommendations. (See, Response filed May 21, 1997).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of public convenience and necessity to the Ohio County Public Service District to construct a sanitary sewer collection and transmission system in and adjacent to The Village of Valley Grove in Ohio County.

2. The proposed project is adequately financed and economically feasible.

3. The District's current rates and charges are sufficient to support the project.

4. It is reasonable to approve the financing of the project, being a Community Development Block Grant in the amount of $1,250,000, and a WVIJC loan in the amount of $600,000 for a period of 40 years at an interest rate not to exceed 0%.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on January 27, 1997, by the Ohio County Public Service District, a public utility, for a certificate of convenience and necessity to construct, maintain and operate a sanitary sewage collection and transmission system in and adjacent to The Village of Valley Grove, Ohio County, consisting of approximately 26,000 feet of gravity sewers, a lift station, and approximately 2,000 feet of force main to collect the sanitary sewage from 170 to 180 homes and businesses and to transmit the sewage to the existing gravity sewer lines of the Ohio County Public Service District, through which sewage will be transmitted to the Town of Tridelphia and into the City of Wheeling's wastewater system for treatment, be, and hereby is, granted, subject to final approval of the project by the West Virginia Bureau of Public Health and Division of Environmental Protection.

IT IS FURTHER ORDERED that the financing of the project, being a Community Development Block Grant in the amount of $1,250,000, and a WVIJC loan in the amount of $600,000 for a period of 40 years at an interest rate not to exceed 0%, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Water and Wastewater Division be notified when the project reaches substantial completion as certified by an engineer.

IT IS FURTHER ORDERED that Sewer Rule 5.4.5 be, and hereby is, waived for the District with respect to those customers identified on Attachment RLS-2, of the Final Joint Staff Memorandum. The District shall be responsible for installing, owning, operating and maintaining the service laterals with appropriate easements to serve those customers.

IT IS FURTHER ORDERED that the District's request to waive its tap fees be, and hereby is, denied.

IT IS FURTHER ORDERED that a preconstruction tap fee of $100, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if there is a change in any of the costs, scope, terms and conditions or financing of this project, the District notify the Commission immediately and request Commission approval of said change.

IT IS FURTHER ORDERED that the District file a revised tariff with the Commission within thirty (30) days of the date this order becomes a final order of the Commission.

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

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

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

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

Susan A. Murensky
Administrative Law Judge

SAM:dfs

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 7th day of October, 1997.

CASE NO. 96-1429-PSD-CN

OHIO COUNTY PUBLIC SERVICE DISTRICT
Petition for approval of funding and project scope for previously granted certificate of convenience and necessity to construct and maintain a sanitary sewage collection and transmission system in an area of Ohio County known as the Village of Valley Grove.

COMMISSION ORDER
PROCEDURAL HISTORY AND DISCUSSION

On January 23, 1997, the Ohio County Public Service District applied for a certificate of convenience and necessity to construct, maintain and operate a sanitary sewage collection and transmission system in the Village of Valley Grove. On June 11, 1997, an Administrative Law Judge of this Commission issued a recommended decision granting the certificate subject to approval by the West Virginia Bureau of Public Health and Division of Environmental Protection. On July 7, 1997, the District informed the Commission that all bids for construction of the project were significantly higher than originally estimated. The District petitioned the Commission to reopen the certificate proceeding to modify the scope of the project and approve additional funding. The District submitted a memorandum prepared by Vaughn, Coast and Vaughn, Inc., engineers, identifying those portions of the sewer system which were deleted, the associated cost reductions and size of the bond issue.

On July 24, 1997, the Commission Staff issued a "Final Joint Staff Memorandum" recommending approval of the District's proposed modifications, deletions of the project and the additional funding commitment received by the District from the West Virginia Infrastructure and Jobs Development Council (WVIJDC). On July 18, 1997, the District informed the Commission that additional funds had been obtained from the West Virginia Infrastructure and Jobs Development Council which would make the reduction in scope unnecessary.

On September 2, 1997, Commission Staff issued a "Further Final Joint Staff Memorandum" taking into consideration the District's request that the project be approved as originally planned because it had secured the additional funding. Staff

recommended that the petition and request be approved.

On September 18, 1997, the Commission issued an Order based upon the District's earlier request dated July 7, 1997, and the Final Joint Staff Recommendations dated July 24, 1997, which dealt with a reduction in scope of the project.

On September 25, 1997, the District informed the Commission, by letter, of the error in the September 18, 1997 Order, in which the procurement of additional funding and the request for approval of the original plan was not considered. The Commission treated the letter as a petition for reconsideration of the September 18, 1997 Order.

On October 6, 1997, the Commission erroneously reissued the September 18, 1997 Order.

DISCUSSION

Having reviewed the project with the new anticipated loan and grant, filed by the District, and Commission Staff's "Further Final Joint Memorandum" and finding the certificate adequately financed and economically feasible, it is reasonable to grant the District's request for approval of the District's original plan and the additional funding obtained from the Infrastructure Council.

FINDINGS OF FACT

1. On January 27, 1997, Ohio County Public Service District, a public utility, filed an application, duly verified, for a certificate of convenience and necessity to construct, maintain and operate a sanitary sewage collection and transmission system in and adjacent to the Village of Valley Grove, Ohio County, consisting of approximately 26,000 feet of gravity sewers, a lift station, and approximately 2,000 feet of force main to collect the sanitary sewage from 170 to 180 homes and businesses in and adjacent to the Village. The sewage was to be transmitted to the existing gravity sewer lines of Ohio County Public Service District. (See, Application)

2. It was estimated the proposed construction, etc., would cost Two Million Ten Thousand Dollars ($2,010,000.00). (See, Final Joint Staff Memorandum filed May 13, 1997).

3. The project construction cost of One Million Eight Hundred Twenty Five Thousand Dollars ($1,825,000.00) was to be financed by an Infrastructure Loan from the State Infrastructure Council in the amount $600,000.00 and a grant from the Community Development Block Grant Fund in the amount of $1,250,000.00.

(See, Application; Final Joint Staff Memorandum filed May 13, 1997).

4. On July 1, 1997 the Commission's recommended decision granting the Certificate and approving the financing became final.

5. The District then received bids for construction of the project. All bids were significantly higher than the original estimated amount. In light of the high bids, the District changed the project scope and sought additional funding.

6. The construction cost was reduced by $505,984.63 and the number of customers served from 187 to 152. (See, Memorandum from Vaughn, Coast and Vaughn, Inc. Dated July 15, 1997).

7. Technical Staff reviewed the materials submitted and recommended approval of the District's request.

8. The District received additional funding by approval of a loan from the Infrastructure Council in the amount of $1,081,000 and a grant from the Infrastructure Council in the amount of $148,000. The adjusted total revised project financing is $2,479,000.

9. The additional funding allows the District to build the original project at an increased cost.

10. The existing rates will generate sufficient revenue to cover the additional debt incurred by the District and do not need to be adjusted.

CONCLUSIONS OF LAW

The District's change in financing and procurement of additional funding for the project, which allows the District to build the project as originally planned is adequately financed and economically feasible.

ORDER

IT IS THEREFORE ORDERED that the requested change in financing and project scope to its original plan, as described in the Recommended Decision issued June 11, 1997 and which became final on July 1, 1997, and as described in the District's letter of July 18, 1997, by the Ohio County Public Service District, a public utility, be and hereby is granted. This is subject to final approval by the West Virginia Bureau of Public Health and Division of Environmental Protection.

IT IS FURTHER ORDERED that the Commission's Orders of September 18, 1997 and October 6, 1997 are hereby rescinded. Except as hereby modified, the Recommended Decision, final July 1, 1997 remains in effect as a final order of the Commission.

IT IS FURTHER ORDERED that the revised financing of the project, being a Community Development Block Grant in the amount of $1,250,000.00, and WVIJC loan in the amount of $1,081,000 for a period of 40 years at an interest rate not to exceed 0% and a WVIJDC grant of $148,000.00 be, and hereby is, approved.

IT IS FURTHER ORDERED that, if there is a change in any of the costs, scope, terms and conditions or financing of this project, the District notify the Commission immediately and request approval of such change.

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

A True Copy, Teste:

Sandra Neal

Sandra Neal
Executive Secretary

ARC

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064
Telephone (304) 558-3612
Telecopier (304) 558-0299

June 9, 1995

Mr. Ed Clifford
Ohio County Public Service District
411 National Road
Triadelphia WV 26059

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL PRELIMINARY APPLICATION - OHIO COUNTY PSD (VILLAGE OF VALLEY GROVE SEWER PROJECT)

The West Virginia Infrastructure and Jobs Development Council (the "Council") reviewed the preliminary application for the above-referenced project and determined that the project is technically feasible within the guidelines of the Act (see attached Sewer Assessment Committee's comments). The Council's Funding Committee has determined that funding from local, state and federal agencies is not adequate to ensure reasonable user rates for the system and that Infrastructure Fund financial assistance may be needed.

A test case has been filed in the Circuit Court of Kanawha County questioning the constitutionality of the Infrastructure Improvement Amendment. Until this matter has been resolved and the Infrastructure General Obligation Bonds have been approved by the State Supreme Court of Appeals, the Governor cannot issue the bonds. The Council cannot predict if or when the Infrastructure General Obligation Bonds will be issued, and therefore, when moneys will be available in the Infrastructure Fund. Notwithstanding these circumstances, the Council recommends that the Ohio County PSD seek a Small Cities Block Grant of $1,250,000 to secure the conventional funding portion needed for this project.

If, after considering how this delay will affect your project, you believe that you must try to proceed without financial assistance from the Council, please notify Daniel B. Yonkosky, Director of the Water Development Authority, at the above address.

Daniel B. Yonkosky

RUSSELL L. ISAACS - CHAIRMAN

Attachments

c Fred Cutlip, West Virginia Development Office

5

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

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

1. On the 15th day of October, 1997, the Authority received the Ohio County Public Service District Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), issued in the principal amount of $1,081,000, as a single, fully registered Bond, numbered AR-1 and dated October 15, 1997 (the "Bonds").

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of $26,702, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority and the West Virginia Infrastructure and Jobs Development Council as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 15th day of October, 1997.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

OHIO COUNTY PUBLIC SERVICE DISTRICT

Chairman

10/08/97
670150/96001

132995.

6

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Ohio County Public Service District Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), in the principal amount of $1,081,000, dated October 15, 1997 (the "Bonds"), 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 Resolution and a Supplemental Resolution, both duly adopted by the Issuer on October 8, 1997 (the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement dated October 15, 1997, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of $26,702, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 15th day of October, 1997.

OHIO COUNTY PUBLIC SERVICE DISTRICT

James C. Boyd Jr.

Chairman

10/08/97
670150/96001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OHIO COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1997 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $1,081,000

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 EIGHTY-ONE THOUSAND DOLLARS ($1,081,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1998, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated October 15, 1997.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on October 8, 1997, and a

Supplemental Resolution duly adopted by the Issuer on October 8, 1997 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) 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"), (2) SEWER REVENUE BONDS, SERIES 1988 A, DATED SEPTEMBER 30, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $694,925 (THE "SERIES 1988 A BONDS"), AND (3) SEWER REVENUE BONDS, SERIES 1989 A, DATED APRIL 3, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,013,841 (THE "SERIES 1989 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S (1) 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"), (2) SEWER REVENUE BONDS, SERIES 1988 B, DATED SEPTEMBER 30, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $173,731 (THE "SERIES 1988 B BONDS"), AND (3) SEWER REVENUE BONDS, SERIES 1989 B, DATED APRIL 3 , 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $150,288 (THE "SERIES 1989 B BONDS"). THE SERIES 1986 A BONDS, THE SERIES 1988 A BONDS AND THE SERIES 1989 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "FIRST LIEN BONDS." THE SERIES 1986 B BONDS, THE SERIES 1988 B BONDS AND THE SERIES 1989 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "SECOND LIEN BONDS." THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and senior and prior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 A Bonds Reserve Account and unexpended

proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1997 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, 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 October 15, 1997.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 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: October 15, 1997.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$26,702	10-15-97	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Ohio County Public Service District, West Virginia
$1,081,000 Infrastructure Fund Loan
40 Years, 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1998	6,929.49	-	6,929.49
12/01/1998	6,929.49	-	6,929.49
3/01/1999	6,929.49	-	6,929.49
6/01/1999	6,929.49	-	6,929.49
9/01/1999	6,929.49	-	6,929.49
12/01/1999	6,929.49	-	6,929.49
3/01/2000	6,929.49	-	6,929.49
6/01/2000	6,929.49	-	6,929.49
9/01/2000	6,929.49	-	6,929.49
12/01/2000	6,929.49	-	6,929.49
3/01/2001	6,929.49	-	6,929.49
6/01/2001	6,929.49	-	6,929.49
9/01/2001	6,929.49	-	6,929.49
12/01/2001	6,929.49	-	6,929.49
3/01/2002	6,929.49	-	6,929.49
6/01/2002	6,929.49	-	6,929.49
9/01/2002	6,929.49	-	6,929.49
12/01/2002	6,929.49	-	6,929.49
3/01/2003	6,929.49	-	6,929.49
6/01/2003	6,929.49	-	6,929.49
9/01/2003	6,929.49	-	6,929.49
12/01/2003	6,929.49	-	6,929.49
3/01/2004	6,929.49	-	6,929.49
6/01/2004	6,929.49	-	6,929.49
9/01/2004	6,929.49	-	6,929.49
12/01/2004	6,929.49	-	6,929.49
3/01/2005	6,929.49	-	6,929.49
6/01/2005	6,929.49	-	6,929.49
9/01/2005	6,929.49	-	6,929.49
12/01/2005	6,929.49	-	6,929.49
3/01/2006	6,929.49	-	6,929.49
6/01/2006	6,929.49	-	6,929.49
9/01/2006	6,929.49	-	6,929.49
12/01/2006	6,929.49	-	6,929.49
3/01/2007	6,929.49	-	6,929.49
6/01/2007	6,929.49	-	6,929.49
9/01/2007	6,929.49	-	6,929.49
12/01/2007	6,929.49	-	6,929.49
3/01/2008	6,929.49	-	6,929.49
6/01/2008	6,929.49	-	6,929.49
9/01/2008	6,929.49	-	6,929.49
12/01/2008	6,929.49	-	6,929.49
3/01/2009	6,929.49	-	6,929.49
6/01/2009	6,929.49	-	6,929.49
9/01/2009	6,929.49	-	6,929.49

Ohio County Public Service District, West Virginia
$1,081,000 Infrastructure Fund Loan
40 Years, 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2009	6,929.49	-	6,929.49
3/01/2010	6,929.49	-	6,929.49
6/01/2010	6,929.49	-	6,929.49
9/01/2010	6,929.49	-	6,929.49
12/01/2010	6,929.49	-	6,929.49
3/01/2011	6,929.49	-	6,929.49
6/01/2011	6,929.49	-	6,929.49
9/01/2011	6,929.49	-	6,929.49
12/01/2011	6,929.49	-	6,929.49
3/01/2012	6,929.49	-	6,929.49
6/01/2012	6,929.49	-	6,929.49
9/01/2012	6,929.49	-	6,929.49
12/01/2012	6,929.49	-	6,929.49
3/01/2013	6,929.49	-	6,929.49
6/01/2013	6,929.49	-	6,929.49
9/01/2013	6,929.49	-	6,929.49
12/01/2013	6,929.49	-	6,929.49
3/01/2014	6,929.49	-	6,929.49
6/01/2014	6,929.49	-	6,929.49
9/01/2014	6,929.49	-	6,929.49
12/01/2014	6,929.49	-	6,929.49
3/01/2015	6,929.49	-	6,929.49
6/01/2015	6,929.49	-	6,929.49
9/01/2015	6,929.49	-	6,929.49
12/01/2015	6,929.49	-	6,929.49
3/01/2016	6,929.49	-	6,929.49
6/01/2016	6,929.49	-	6,929.49
9/01/2016	6,929.49	-	6,929.49
12/01/2016	6,929.49	-	6,929.49
3/01/2017	6,929.49	-	6,929.49
6/01/2017	6,929.49	-	6,929.49
9/01/2017	6,929.49	-	6,929.49
12/01/2017	6,929.49	-	6,929.49
3/01/2018	6,929.49	-	6,929.49
6/01/2018	6,929.49	-	6,929.49
9/01/2018	6,929.49	-	6,929.49
12/01/2018	6,929.49	-	6,929.49
3/01/2019	6,929.49	-	6,929.49
6/01/2019	6,929.49	-	6,929.49
9/01/2019	6,929.49	-	6,929.49
12/01/2019	6,929.49	-	6,929.49
3/01/2020	6,929.49	-	6,929.49
6/01/2020	6,929.49	-	6,929.49
9/01/2020	6,929.49	-	6,929.49
12/01/2020	6,929.49	-	6,929.49

Ohio County Public Service District, West Virginia
$1,081,000 Infrastructure Fund Loan
40 Years, 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2021	6,929.49	-	6,929.49
6/01/2021	6,929.49	-	6,929.49
9/01/2021	6,929.49	-	6,929.49
12/01/2021	6,929.49	-	6,929.49
3/01/2022	6,929.49	-	6,929.49
6/01/2022	6,929.49	-	6,929.49
9/01/2022	6,929.49	-	6,929.49
12/01/2022	6,929.49	-	6,929.49
3/01/2023	6,929.49	-	6,929.49
6/01/2023	6,929.49	-	6,929.49
9/01/2023	6,929.49	-	6,929.49
12/01/2023	6,929.49	-	6,929.49
3/01/2024	6,929.49	-	6,929.49
6/01/2024	6,929.49	-	6,929.49
9/01/2024	6,929.49	-	6,929.49
12/01/2024	6,929.49	-	6,929.49
3/01/2025	6,929.49	-	6,929.49
6/01/2025	6,929.49	-	6,929.49
9/01/2025	6,929.49	-	6,929.49
12/01/2025	6,929.49	-	6,929.49
3/01/2026	6,929.49	-	6,929.49
6/01/2026	6,929.49	-	6,929.49
9/01/2026	6,929.49	-	6,929.49
12/01/2026	6,929.48	-	6,929.48
3/01/2027	6,929.48	-	6,929.48
6/01/2027	6,929.48	-	6,929.48
9/01/2027	6,929.48	-	6,929.48
12/01/2027	6,929.48	-	6,929.48
3/01/2028	6,929.48	-	6,929.48
6/01/2028	6,929.48	-	6,929.48
9/01/2028	6,929.48	-	6,929.48
12/01/2028	6,929.48	-	6,929.48
3/01/2029	6,929.48	-	6,929.48
6/01/2029	6,929.48	-	6,929.48
9/01/2029	6,929.48	-	6,929.48
12/01/2029	6,929.48	-	6,929.48
3/01/2030	6,929.48	-	6,929.48
6/01/2030	6,929.48	-	6,929.48
9/01/2030	6,929.48	-	6,929.48
12/01/2030	6,929.48	-	6,929.48
3/01/2031	6,929.48	-	6,929.48
6/01/2031	6,929.48	-	6,929.48
9/01/2031	6,929.48	-	6,929.48
12/01/2031	6,929.48	-	6,929.48
3/01/2032	6,929.48	-	6,929.48

Ohio County Public Service District, West Virginia
$1,081,000 Infrastructure Fund Loan
40 Years, 0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2032	6,929.48	-	6,929.48
9/01/2032	6,929.48	-	6,929.48
12/01/2032	6,929.48	-	6,929.48
3/01/2033	6,929.48	-	6,929.48
6/01/2033	6,929.48	-	6,929.48
9/01/2033	6,929.48	-	6,929.48
12/01/2033	6,929.48	-	6,929.48
3/01/2034	6,929.48	-	6,929.48
6/01/2034	6,929.48	-	6,929.48
9/01/2034	6,929.48	-	6,929.48
12/01/2034	6,929.48	-	6,929.48
3/01/2035	6,929.48	-	6,929.48
6/01/2035	6,929.48	-	6,929.48
9/01/2035	6,929.48	-	6,929.48
12/01/2035	6,929.48	-	6,929.48
3/01/2036	6,929.48	-	6,929.48
6/01/2036	6,929.48	-	6,929.48
9/01/2036	6,929.48	-	6,929.48
12/01/2036	6,929.48	-	6,929.48
3/01/2037	6,929.48	-	6,929.48
6/01/2037	6,929.47	-	6,929.47
TOTAL	1,081,000.00	-	1,081,000.00

YIELD STATISTICS

Bond Year Dollars	$21,124.54
Average Life	19.542 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	0.0000000%
Bond Yield for Arbitrage Purposes	0.0000000%
All Inclusive Cost (AIC)	0.0000000%
IRS FORM 8038	
Net Interest Cost	-
Weighted Average Maturity	19.542 Years

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SIXTH FLOOR

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

BANK ONE CENTER, SEVENTH FLOOR
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 263-4788

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

RILEY BUILDING, FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

October 15, 1997

WRITER'S DIRECT DIAL NUMBER

Ohio County Public Service District
Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

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

West Virginia Infrastructure and Jobs Development Council
980 One Valley Square
Charleston, West Virginia 25301

Ladies and Gentlemen:

We have served 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 $1,081,000 Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated October 15, 1997, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1998, and ending June 1, 2037, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

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

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on October 8, 1997, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 8, 1997 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Sewer Revenue Bonds, Series 1986 A, (ii) Sewer Revenue Bonds, Series 1988 A, and (iii) Sewer Revenue Bonds, Series 1989 A (collectively, the "First Lien Bonds"), and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's (a) Sewer Revenue Bonds, Series 1986 B, (ii) Sewer Revenue Bonds, Series 1988 B, and (iii) Sewer Revenue Bonds, Series 1989 B, all in accordance with the terms of the Bonds and the Bond Legislation. Based upon the certificate of the certified public accountant dated the date hereof, the Issuer has met the coverage requirements for issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds. The Issuer has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature.

5. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State, and the interest, if any, on the 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 Bonds and the enforceability of the Bonds, the Loan Agreement, the Bond Legislation and the liens and pledges therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON

09/09/97
670150/96001

BAILEY, RILEY, BUCH & HARMAN

A LEGAL CORPORATION
RILEY BUILDING, STE 900
POST OFFICE BOX 631
WHEELING, WEST VIRGINIA 26003-0081

TELEPHONE (304) 232-6675
FACSIMILE (304) 232-9897

JOHN PRESTON BAILEY (ALSO ADMITTED IN OH)
ARCH W. RILEY, JR.
CHRISTOPHER PAULL RILEY
CHERYL DEAN RILEY
HARRY L. BUCH
ANNE DIECKMANN HARMAN (ALSO ADMITTED IN OH AND PA)
ALAN G. McGONIGAL (ALSO ADMITTED IN PA)

ARCH W. RILEY, OF COUNSEL

T. S. RILEY 1850-1936
JAMES B. RILEY 1894-1958
ROBERT J. RILEY 1899-1977
GEORGE G. BAILEY 1913-1989

October 15, 1997

Ohio County Public Service District
Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

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

West Virginia Infrastructure
and Jobs Development Council
980 One Valley Square
Charleston, WV 25301

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

Ladies and Gentlemen:

We are counsel to Ohio County Public Service District, a public service district in Ohio County, West Virginia (the "Issuer"). As such counsel, we have examined a copy of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated October 15, 1997, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on October 8, 1997, the Supplemental Resolution duly adopted by the Issuer on October 8, 1997 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned bonds of the Issuer (the "Bonds") and orders of The County Commission of Ohio County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

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

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

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

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

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

6. The Issuer has received, or there have been entered, all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificate and approvals from The County Commission of Ohio County, the West Virginia Infrastructure and Jobs Development Council, and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Final Orders of the Public Service Commission of West Virginia entered on June 11, 1997, and October 7, 1997, in Case No. 96-1429-PSN-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the latter Final Order has not expired prior to the date hereof. However, the parties to such Final Order have stated that they will not appeal such Final Order. Such Final Order is not subject to

any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

7. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

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

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

Very truly yours,

BAILEY, RILEY, BUCH & HARMAN, L.C.

By _____
John Preston Bailey

JPB:klb

F:\WPDOCS\CLIENTS\OCP0882\OCP0882.14\OPINION.LTR
Fri 17Oct97 13:08:34

BAILEY, RILEY, BUCH & HARMAN

A LEGAL CORPORATION
RILEY BUILDING, STE 900
POST OFFICE BOX 631
WHEELING, WEST VIRGINIA 26003-0081

TELEPHONE (304) 232-6675
FACSIMILE (304) 232-9897

JOHN PRESTON BAILEY (ALSO ADMITTED IN OH)
ARCH W. RILEY, JR.
CHRISTOPHER PAULL RILEY
CHERYL DEAN RILEY
HARRY L. BUCH
ANNE DIECKMANN HARMAN (ALSO ADMITTED IN OH AND PA)
ALAN G. McGONIGAL (ALSO ADMITTED IN PA)

ARCH W. RILEY, OF COUNSEL

T. S. RILEY 1850-1936
JAMES B. RILEY 1894-1958
ROBERT J. RILEY 1899-1977
GEORGE G. BAILEY 1913-1989

October 14, 1997

West Virginia Infrastructure Fund
1320 One Valley Square
Charleston, WV 25301

Re: Ohio County Public Service District
Valley Grove Sewer Project
Our File No. 0882.14

OPINION OF COUNSEL
RELATIVE TO RIGHTS OF WAY

I have reviewed the action taken by the Board of the Ohio County Public Service District, a public corporation (hereinafter called "District"), in obtaining the rights of way for the construction, operation, and maintenance of the facilities to be installed, repaired or enlarged with the proceeds of a loan made or insured by, and/or a grant from The West Virginia Infrastructure Fund to the District. I have examined the right of way instruments, permits or licenses obtained from landowners, public bodies and public utilities and made such search of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right of Way Certificate" executed by the District on October 8, 1997. I have also examined the right of way maps to determine whether continuous and adequate land and right of way are owned or have been acquired by the instruments covered in the "Right of Way Certificate."

Based upon the foregoing examination, and to the best of my knowledge, information and belief, I am of the opinion that:

A. The legal instruments by which the District has acquired said rights of way (a) are in appropriate and due legal form and adequately confer upon the District the necessary rights of way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) will be properly recorded in the Office of the Clerk of the County Commission of Ohio County, West Virginia. Such consents, releases, or subordinations

from lienholders recommended by me or required by the District's Consulting Engineer have been obtained.

B. The legal instruments referred to above give unto the District a continuous and adequate right of way to permit the construction, operation, and maintenance of the District's facilities, except the District has not yet received the following easements. To the extent that the easements are not received by the date of the bond closing, the District will institute eminent domain proceedings to secure these remaining easements:

Easement No.	Name
1	Seibert
42	Zumpano / Giles
52A, 54A, 57, 58 & 112	CSX
63	Cooper
78	Martin
95	Ullom

With respect to the foregoing, easements are expected but not yet received from Seibert and Martin. Condemnation actions have, in fact, been instituted against the remaining four entities.

Very truly yours,

John Preston Bailey

\jpb:klb
pc: Mr. Edwin K. Clifford

RIGHT OF WAY CERTIFICATE

The undersigned Ohio County Public Service District, hereby certifies, except as noted in paragraph 4 below, that:

1. The undersigned has acquired and presently holds continuous and adequate right of way on private lands needed for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by and/or a grant from the West Virginia Infrastructure Fund, and such omissions, defects, or restrictions as may exist will in no substantial way or manner endanger the value or the operation of the facilities.

2. The undersigned has acquired the necessary permits, franchises, authorizations, or other instruments by whatever name designated, from public utilities and public bodies, commissions or agencies authorizing the construction, operation, and maintenance of the facilities upon, along or across streets, roads, highways, and public utilities.

3. That the attached right of way maps show the location and description of all rights of way and easements, permits, or other instruments.

4. *Exceptions:* The District has not yet received the easements listed below. To the extent that the easements are not received by the date of the bond closing, the District will institute eminent domain proceedings to secure these remaining easements:

Easement No.	Name
1	Seibert
42	Zumpano & Giles
52A, 54A, 57, 58 & 112	CSX
63	Cooper
78	Martin
95	Ullom

IN WITNESS WHEREOF, Ohio County Public Service District hereunto affixes its name and corporate seal this 9th day of October, 1997.

OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation.

Attest: _____
Secretary

By: _____
Its Chairman

(SEAL)

F:\WPDOCS\CLIENTS\OCP\0882\OCP0882.14\CERTIF.ROW
Mon 06Oct97 10:41:07

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

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 COUNSEL to the Issuer, hereby certify in connection with the $1,081,000 Ohio County Public Service District Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 1997 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution of the Issuer duly adopted October 8, 1997, and a Supplemental Resolution of the Issuer duly adopted October 8, 1997 (collectively, the "Bond Legislation"), when used herein.

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

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

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

There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 1997 A Bonds as to liens, pledge and source of and security for payment, being (1) the 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"), (2) the 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"), (3) the Sewer Revenue Bonds, Series 1988 A, dated September 30, 1988, issued in the original aggregate principal amount of $694,925 (the "Series 1988 A Bonds"), (4) the Sewer Revenue Bonds, Series 1988 B, dated September 30, 1988, issued in the original aggregate principal amount of $173,731 (the "Series 1988 B Bonds"), (5) the Sewer Revenue Bonds, Series 1989 A, dated April 3, 1989, issued in the original aggregate principal amount of $1,013,841 (the "Series 1989 A Bonds"), and (6) the Sewer Revenue Bonds, Series 1989 B, dated April 3, 1989, issued in the original principal amount of $150,288 (the "Series 1989 B Bonds"). The Series 1986 A Bonds, the Series 1988 A Bonds and the Series 1989 A Bonds are hereinafter collectively called the "First Lien Bonds" and the Series 1986 B Bonds, the Series 1988 B Bonds and the Series 1989 B Bonds are hereinafter collectively called the "Second Lien

Bonds." The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds".

The Series 1997 A Bonds shall be issued on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the First Lien Bonds and the resolutions authorizing the First Lien Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained the written consent of the Holders of the First Lien Bonds to the issuance of the Series 1997 A Bonds on a parity with the First Lien Bonds. The Issuer has obtained the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 1997 A Bonds on a senior and prior basis to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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, altered, supplemented or changed in any way unless modification appears from later documents also listed below.

Bond Resolution

Supplemental Resolution

Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

1986 Bond Resolution and Supplemental Resolution

1988 Bond Resolution and Supplemental Resolution

1989 Supplemental Resolution

Consent of Holder of Prior Bonds

Evidence of Small Cities Block Grant

Evidence of Infrastructure Council Grant

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Ohio County Public Service District." The Issuer is a public service district and public corporation 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 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
James C. Boyd, Jr.	January, 1997	January, 2003
Robert R. Luchetti	January, 1995	January, 2001
Daniel W. Dickinson, Jr.	October, 1992	October, 1998

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1997 are as follows:

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

The duly appointed and acting counsel to Issuer is Bailey, Riley, Buch & Harman, 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 acquisition and construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A of the 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. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect.

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

11. RATES: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on June 19, 1996, in Case No. 95-1080-PSD-42T, approving the rates and charges for the services of the System and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Orders of the Public Service Commission of West Virginia entered on June 11, 1997, and October 7, 1997, in Case No. 96-1429-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the latter Final Order has not expired prior to the date hereof. However, the parties to such Final Orders have stated that they will not appeal such Final Order. Such Final Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

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

14. BOND PROCEEDS: On the date hereof, the Issuer received $26,702 from the Council and the Authority, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF BORROWING: The Issuer has published any required notice with respect to, among other things, the amount of the Bonds, the interest rate and terms of the Bonds, the acquisition and construction of the Project, the anticipated user rates and charges, and the date of filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the 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 to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which

is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or 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 with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the foregoing have been and are to be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended (including any amendments and successor provisions and the rules and regulations thereunder, the "Code").

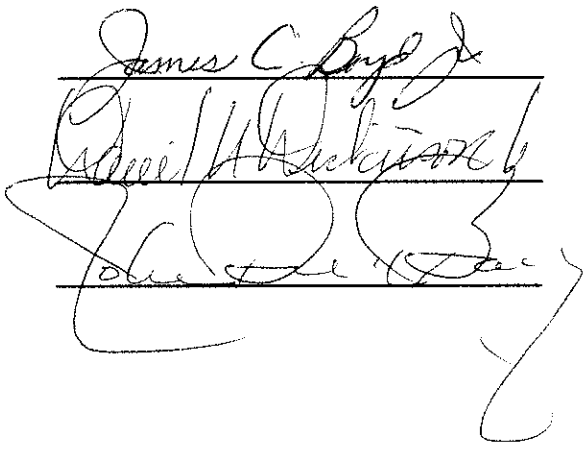
17. NO FEDERAL GUARANTY: The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

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

19. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

WITNESS our signatures and the official seal of OHIO COUNTY PUBLIC SERVICE DISTRICT on this 15th day of October, 1997.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to Issuer

10/08/97
670150/96001

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO ARBITRAGE

The undersigned Chairman of the Public Service Board of 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 $1,081,000 Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), of the Issuer, dated October 15, 1997 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on October 8, 1997 (as supplemented, the "Bond Resolution").

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 October 15, 1997, the date on which the Bonds are to be physically delivered in exchange for an initial advance of $26,702, being more than a de minimis amount of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest, if any, 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. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on October 15, 1997, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated October 15, 1997, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), for an aggregate purchase price of $1,081,000 (100% of par). No accrued interest has been or will be paid on the Bonds.

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

8. Not later than simultaneously with the delivery of the Bonds, the Issuer shall 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 commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before July, 1998, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by July, 1998.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $2,479,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Gross Proceeds of the Bonds	$1,081,000
Small Cities Block Grant	1,250,000
Council Grant	148,000
Total Sources	$2,479,000

USES	
Acquisition and Construction of Project	$2,469,000
Capitalized Interest on the Bonds	-0-
Funded Reserve for the Bonds	-0-
Costs of Issuance	10,000
Total Uses	$2,479,000

The amount of the costs of the Project not expected to be paid from proceeds of the grant stated above is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds and the grant stated above, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund;

(4) Series 1986 A Bonds Sinking Fund;

(5) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account;

(6) Series 1986 B Bonds Sinking Fund;

(7) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account;

(8) Series 1988 A Bonds Sinking Fund;

(9) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account;

(10) Series 1988 B Bonds Sinking Fund;

(11) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account;

(12) Series 1989 A Bonds Sinking Fund;

(13) Within the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account;

(14) Series 1989 B Bonds Sinking Fund;

(15) Within the Series 1989 B Bonds Sinking Fund, the Series 1989 B Bonds Reserve Account;

(16) Series 1997 A Bonds Sinking Fund; and

(17) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account.

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

(1) Bond proceeds in the amount of $-0- will be deposited in the Series 1997 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of $-0- will be deposited in the Series 1997 A Bonds Reserve Account.

(3) The balance of the proceeds of the Bonds as advanced to the Issuer will be deposited in the Bond Construction Trust Fund and applied solely to payment of

costs of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

Amounts in the Bond Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. § 1.150-2(f)(2), none of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

12. Moneys held in the Series 1997 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds, and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Bond Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Except for the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds 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 Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, 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 Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 1997 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1997 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest, if any, on the Bonds, and will not exceed 125% of average annual principal of and interest, if any, on the Bonds. Amounts in the Series 1997 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the

Series 1997 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

14. The Issuer expects to enter into a contract on 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 or $100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction is expected to be completed within 9 months.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. With the exception of the amount deposited in the Series 1997 A Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 1997 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 9 months from the date of issuance thereof.

18. The Series 1997 A Bonds Sinking Fund (other than the Series 1997 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 1997 A Bonds Sinking Fund (other than the Series 1997 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 1997 A Bonds Sinking Fund (other than the Series 1997 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1997 A Bonds Sinking Fund for payment of the principal of or interest, if any, on the Bonds (other than the Series 1997 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 1997 A Bonds Sinking Fund (other than the Series 1997 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

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

20. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

21. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of

Bonds or $5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

22. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issues, except to the extent any such proceeds are required for rebate to the United States.

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

24. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder in order to assure that the interest, if any, on the Bonds is excluded from gross income for federal income tax purposes.

25. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

26. 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 other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes.

27. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest, if any, on the Bonds from the gross income for federal income tax purposes of interest on the Bonds.

28. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

29. The Issuer has either (a) funded the Series 1997 A Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 1997 A Bonds Reserve Account which will be funded with

equal payments made on a monthly basis over a 10-year period until such Series 1997 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1997 A Bonds Reserve Account and the Series 1997 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

30. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, 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 Bonds subject to rebate.

31. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

32. 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 Bonds and the interest, if any, thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolution authorizing issuance of the Bonds.

33. The Bonds are a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

34. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

35. No portion of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

of funds of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

37. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

38. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

39. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

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

41. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering any opinion regarding the tax-exempt status of interest, if any, on the Bonds.

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

WITNESS my signature on this 15th day of October, 1997.

OHIO COUNTY PUBLIC SERVICE DISTRICT

James C. Boyd Jr.

Chairman

09/29/97
670150/96001

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Morgan K. Coast, Registered Professional Engineer, West Virginia License No.8261, of Vaughn, Coast & Vaughn, Inc., Consulting Engineers, in St. Clairsville, Ohio, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions to the existing public sewerage facilities (the "Project") of Ohio County Public Service District (the "Issuer") to be constructed primarily in Ohio County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on October 8, 1997, and the Loan Agreement dated October 15, 1997, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council").

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

3. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition, construction and operation of the Project, (v) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project as set forth in the

Application, and (vii) 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 and seal on this 15th day of October, 1997.

[SEAL]

MORGAN K. COAST REGISTERED 8261 STATE OF WEST VIRGINIA PROFESSIONAL ENGINEER

VAUGHN, COAST & VAUGHN, INC.

Morgan K. Coast

Morgan K. Coast, P.E.
West Virginia License No. 8261

09/10/97
670150/96001

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE B

Ohio County Public Service District
Village of Valley Grove Wastewater Project 95S-060
Final Total Cost of Project, Sources of Funds and Cost of Financing

A.	COST OF PROJECT	TOTAL	SCBG	IJDC LOAN	IJDC GRANT
1	Construction (Based on Actual Bids)	$2,078,354.50	$990,000.00	$1,041,000.00	$47,354.50
2	Technical Services	$215,000.00	$215,000.00		
3	Legal & Fiscal	$15,000.00		$15,000.00	
4	Administrative	$45,000.00	$45,000.00		
5	Sites and Other Lands	$15,000.00		$15,000.00	
6	Step I or II or Other Loan Repayment	$0.00			
7	Interim Financing Costs	$0.00			
8	Contingency	$100,645.50	$0.00	$0.00	$100,645.50
9	Total of Lines 1 through 8	$2,469,000.00	$1,250,000.00	$1,071,000.00	$148,000.00
B.	SOURCES OF FUNDS				
10	Federal Grants:	$1,250,000.00	$1,250,000.00	$0.00	$0.00
a					
b					
11	State Grants:				
a	IJDC	$148,000.00	$0.00	$0.00	$148,000.00
b					
12	Other Grants:				
13	Any Other Source:*	$0.00	$0.00	$0.00	$0.00
a					
14	Infrastructure Fund Grant	$0.00	$0.00	$0.00	$0.00
15	Total of Lines 10 through 14	$1,398,000.00	$1,250,000.00	$0.00	$148,000.00
16	Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	$1,071,000.00		$1,071,000.00	$0.00
C.	COST OF FINANCING				
17	Funded Reserve Account**	$0.00	$0.00	$0.00	$0.00
18	Other Costs***				
a	Bond Counsel	$10,000.00	$0.00	$10,000.00	$0.00
b					
19	Total Cost of Financing (Lines17 & 18)	$10,000.00	$0.00	$10,000.00	$0.00
20	Size of Bond Issue (Line 16 + Line 19)	$1,081,000.00	$0.00	$1,081,000.00	$0.00

James C. Boyd Jr.
Governmental Agency
10/7/97
Date

Morgan Grant
Consulting Engineer
10/7/97
Date

* Include the proceeds of any party or subordinate bond issue to be used for such purpose and attach supportion documentation.
** Consult with bond counsel and the Council before assuming a funded reserve.
*** For example, fees of accountants, bond counsel and local council for the Governmental Agency.

Glatz, Obecny & Company, PLLC

Certified Public Accountants

Suite 400, Central Union Building
40 Fourteenth Street
Wheeling, WV 26003

Telephone (304) 232-1358
Fax (304) 232-1361

October 15, 1997

Ohio County Public Service District
Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastucture Fund)

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

West Virginia Infrastructure and
Jobs Development Council
980 One Valley Square
Charleston, West Virginia 25301

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia, Case No. 95-1080-PSD-42T, entered June 19, 1996, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Vaughn, Coast & Vaughn, 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 (the "System") of Ohio County Public Service District (the "Issuer"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof and all other obligations secured by or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's Sewer Revenue Bonds, Series 1986 A, Series 1986 B, Series 1988 A and Series 1988B and Series 1989 A and Series 1989 B (collectively, the "Prior Bonds"). It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds shall not be less that 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Prior Bonds and the Bonds.

Respectively Submitted,

Glatz, Obecny & Company, PLLC

15

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

16

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 therest 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 6 them, or any of them, by law for o 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 o 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.

INDEANITY: 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 sa/ve 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 Commissioners
Address of Insured: OHIO COUNTY AIRPORT, Wheeling, W. Va.

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 (Airmost 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 County 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 filedtheir 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)

Administrator

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

ATTEST: A TRUE AND ACCURATE COPY

* * * * * *

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

The Clark 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 thereupon 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 Clark 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. Sims
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 Blery

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 p 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, an. to the promotions, am requesting the following 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 A. Jun	250.00
Margaret T. Voellinger	245.00
Rose M. Chiazza	195.00=
Beverly Aadi	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 Sate 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 opportunity 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

ATTEST:
A TRUE AND ACCURATE COPY:
Administrator

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

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.A.C., in the amount of $5,000.00. (check No. 10597) dated September 11, which reopresents 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. Bricker
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. Whise. Grocery Co.	29.50	Co.San.	3.65	
		F.Pris.F.	25.85-	29.50
Addressograph-Multigraph Corp.	89.45	Assessor	76.20	
		Co.Comers.	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	69.50	Deten.H.		
Albert L. Habig	3.00	Felony		
Adolph H. Namiik, Jr.	20.00	Inquest		
News Publishing Co.	20.70	Legal Adv.		

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, } ss.
COUNTY OF BROOKE.

I, Oral S Pflug 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 1964 and concluding on the _____ day of _____ 19__

_____ Publisher

Taken, sworn to and subscribed before me this 4th day of Sept. 1964

Mary L. B. Mozinger
Notary Public

My commission expires March 11 1967

[illegible] 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 18, 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 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

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 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 7:30 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 in notify said County

cluded 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.

[illegible]

CARL BECKER
Deputy Clerk

RESOLUTION

WHEREAS, by order of the County Court of Ohio County entered on the 12th day of November, 1959, [illegible] Public Service District [illegible] Public Service District as follows:

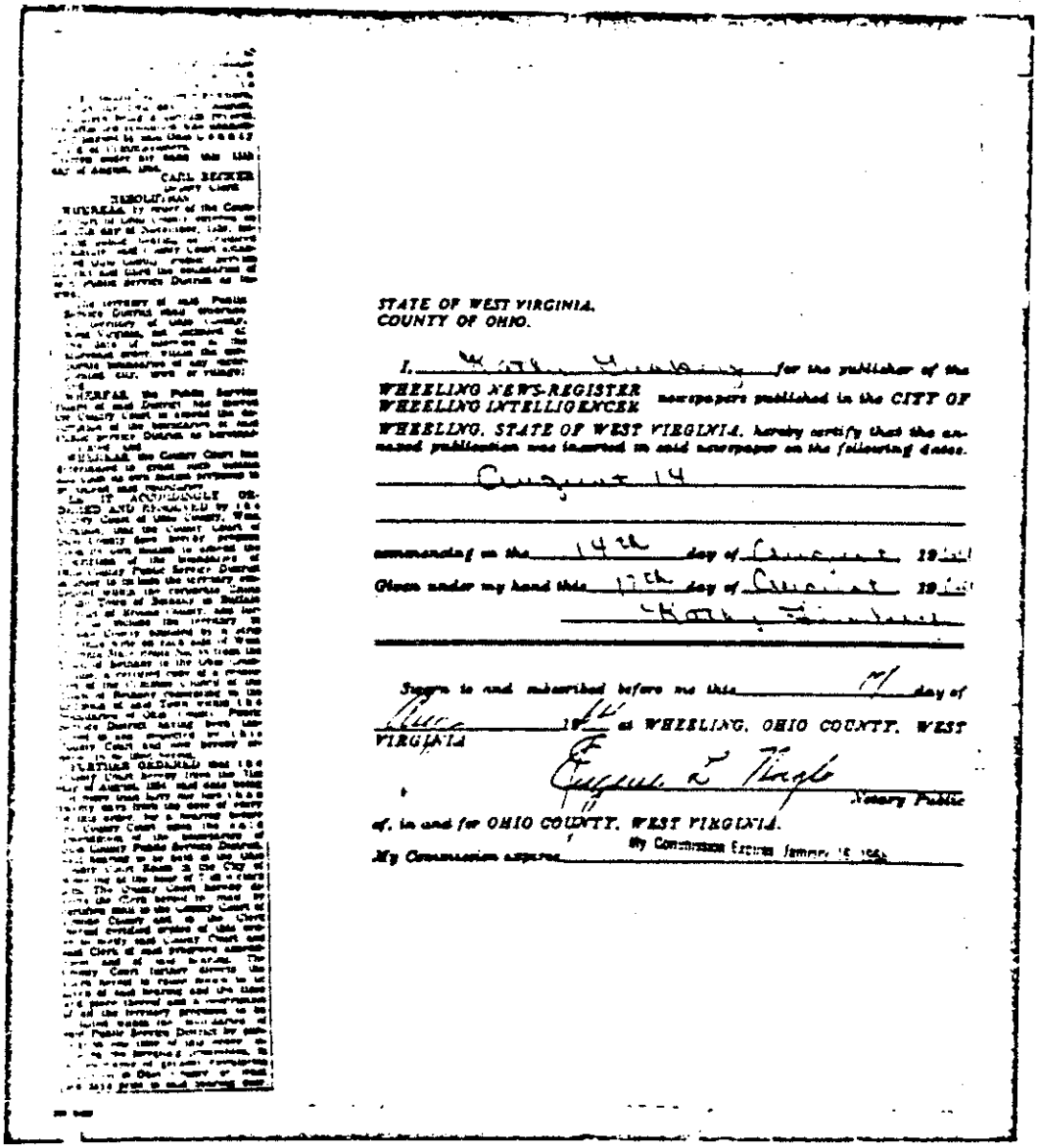
[illegible]

WHEREAS, the Public Service District of said District has [illegible] the County Court to expand the [illegible] of the boundaries of said Public Service District as hereinafter [illegible]

WHEREAS, the County Court has determined to grant such [illegible] as own motion proposes to [illegible]

IS IT ACCORDINGLY ORDERED AND RESOLVED by the County Court of Ohio County, West Virginia, that the County Court of Ohio County does hereby propose [illegible] the boundaries of the Public Service District [illegible] Town of Bethany in Buffalo [illegible] of Brooke County, and further to include the territory [illegible] Ohio County [illegible] of Bethany [illegible] Ohio County Public Service District having been [illegible] County Court and now hereby [illegible]

FURTHER ORDERED that the County Court hereby [illegible] the 11th day of August, 1964 [illegible] the County Court [illegible] the County Court [illegible] Public Service District [illegible] Ohio County Public Service District [illegible] the County Court [illegible] the County Court [illegible] the County Court [illegible] Public Service District [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 17 day of Aug 1964 at WHEELING, OHIO COUNTY, WEST VIRGINIA

[illegible]
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires My Commission Expires January 15, 1965

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 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, acquisition, 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 H. Barker
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 Couty 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 H. Barker
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 orcered 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

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 placed 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 J. 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

-o-

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

-o-

-o-

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.

-o-

18A

-o-

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. Mulhollen 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

RESOLUTION

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 theCounty 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.

-o-

BEFORE THE COUNTY COMMISSION
OF OHIO COUNTY, WEST VIRGINIA

IN THE MATTER OF ENLARGING
OHIO COUNTY PUBLIC SERVICE
DISTRICT INTO BROOKE COUNTY

ORDER AND RESOLUTION

WHEREAS, the Public Service Board of the Ohio County Public Service District has requested the Ohio County Commission for an order amending the description of and expanding the territorial boundaries of the District, in order that the District could lawfully provide sewer service to the portion of Brooke County hereinafter described; and

WHEREAS, the Ohio County Commission has determined to grant such request, and upon its own motion proposes to amend and expand said boundaries as requested;

BE IT ACCORDINGLY ORDERED AND RESOLVED by the County Commission of Ohio County, West Virginia, that said Commission does hereby propose upon its own motion to amend the description of and expand the boundaries of the Ohio County Public Service District to include the following described territory situate in Buffalo District, Brooke County, West Virginia:

> Beginning at the intersection of the centerline of Short Creek Road (Ohio County Route 1) with the boundary line separating Ohio County and Brooke County, West Virginia; thence following said centerline of Short Creek Road in a northerly direction Eight Hundred (800) feet, more or less, to its intersection with the centerline of Girty's Point Road (Brooke County Route 2/2); thence following said centerline of Girty's Point Road in a northerly, then easterly direction Fourteen Thousand Six Hundred and Eighty (14,680) feet, more or less, to the intersection of the centerline of Girty's Point Road with the boundary line between Ohio County and Brooke County, West Virginia; thence with said boundary line in a westerly direction Eleven Thousand (11,000) feet, more or less, to the intersection of said boundary line with the waters of Short Creek; thence with the waters of Short Creek in a northerly direction One Thousand Eight Hundred and Eighty (1,880) feet, more or less, to the place of beginning.

I GREGORY L. STEWART, DO HEREBY CERTIFY THAT THE INFORMATION ATTACHED IS A TRUE AND EXACT COPY OF THE ORIGINAL ORDER AND RESOLUTION DATED THE 7TH DAY OF DECEMBER, 1994, SIGNED BY THE OHIO COUNTY COMMISSIONERS, PROPOSING THE EXPANSION OF THE OHIO COUNTY PUBLIC SERVICE DISTRICT INTO BROOKE COUNTY.

GREGORY L. STEWART
ADMINISTRATOR, OHIO COUNTY

IT IS FURTHER ORDERED AND RESOLVED that the County Commission of Ohio County hereby fixes the 4th day of January, 1995, said date being not more than forty (40) and not less than twenty (20) days from the date of entry of this order, for a public hearing before the Ohio County Commission upon the said amendment and expansion of the boundaries of the Ohio County Public Service District, said hearing to be held in the meeting room of the Ohio County Commission at 9:00 o'clock a.m.

The County Commission hereby directs that a certified copy of this order be delivered to the County Commission of Brooke County, West Virginia, by certified mail, in order to notify said County Commission of the entry of this order and the date, place and time of the public hearing. This Commission further directs that notice be given of the public hearing and the time and place thereof, and setting forth a description of all the territory proposed to be included therein, by publishing this order one time in a newspaper of general circulation published in Ohio County at least ten (10) days prior to the date of the hearing, the cost of such publication to be paid by the Ohio County Public Service District, and by posting a copy of this order in at least five (5) conspicuous places in the territory proposed to be included in the District at least ten (10) days before the date of the public hearing.

ENTERED this 7th day of December, 1994.

John E. Fahey

W. G. Miller

Arthur L. McKenzie

BEFORE THE COUNTY COMMISSION
OF OHIO COUNTY, WEST VIRGINIA

IN THE MATTER OF ENLARGING
OHIO COUNTY PUBLIC SERVICE
DISTRICT INTO BROOKE COUNTY

ORDER

On the 4th day of January, 1995, 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 Ohio County Commission Hearing Room at the Ohio County Courthouse in Wheeling, West Virginia, commencing at 9:00 o'clock a.m., to consider and determine the feasibility of the following proposal, which proposal was made by the Commission on its own motion by order duly adopted and entered on December 7, 1994:

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 and sewer services within its existing territory be enlarged to include and embrace the additional territory as hereinbelow described for the purpose of supplying sewer service to such territory:

> Beginning at the intersection of the centerline of Short Creek Road (Ohio County Route 1) with the boundary line separating Ohio County and Brooke County, West Virginia; thence following said centerline of Short Creek Road in a northerly direction Eight Hundred (800) feet, more or less, to its intersection with the centerline of Girty's Point Road (Brooke County Route 2/2); thence following said centerline of Girty's Point Road in a northerly, then easterly direction Fourteen Thousand Six Hundred and Eighty (14,680) feet, more or less, to the intersection of the centerline of Girty's Point Road with the boundary line between Ohio County and Brooke County, West Virginia; thence with said boundary line in a westerly direction Eleven Thousand (11,000) feet, more or less, to the intersection of said boundary line with the waters of Short Creek; thence with the waters of Short Creek in a northerly

I, GREGORY L. STEWART, DO HEREBY CERTIFY THAT THE INFORMATION ATTACHED IS A TRUE AND EXACT COPY OF THE ORIGINAL ORDER DATED THE 4TH DAY OF JANUARY, 1995, SIGNED BY COMMISSION PRESIDENT, DAVID J. SIMS, EXPANDING THE OHIO COUNTY PUBLIC SERVICE DEISTRICT INTO BROOKE COUNTY.

GREGORY L. STEWART
ADMINISTRATOR, OHIO COUNTY

direction One Thousand Eight Hundred and Eighty (1,880) feet, more or less, to the place of beginning.

THEREUPON came Edwin K. Clifford, a citizen of Ohio County, West Virginia, who tendered to the Commission for filing the affidavit of Bonnie Mattern for the publisher of the Wheeling Intelligencer, of the publication of notice that this hearing would be held at this time and place, and as well he tendered for filing his own affidavit stating that he 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 Intelligencer, a qualified newspaper of general circulation in Ohio County, West Virginia, on December 22, 1994, 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 December 22, 1994.

3. That affidavits filed heretofore, of the publication and posting of said notice were duly made by Bonnie Mattern for the publisher of the said Wheeling Intelligencer and Edwin K. Clifford both under oath, containing a copy of said notice as published and posted, 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 January 4, 1994, 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 sewer 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 December 7, 1994.

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 providing sewer services, are included in said territory.

On the motion of Commissioner Arthur L. McKenzie, which was seconded by Commissioner David Sims 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 hereinbefore set forth and described 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 for the purposes of providing sewer services therein; 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.

ENTER this 4th day of January, 1995.

COUNTY COMMISSION OF OHIO COUNTY,

By David J. Sims
President

BEFORE THE COUNTY COMMISSION
OF BROOKE COUNTY, WEST VIRGINIA

IN THE MATTER OF ENLARGING
OHIO COUNTY PUBLIC SERVICE
DISTRICT INTO BROOKE COUNTY

ORDER AND RESOLUTION

WHEREAS, the Public Service Board of the Ohio County Public Service District has requested the Brooke County Commission for an order amending the description of and expanding the territorial boundaries of the District, in order that the District could lawfully provide sewer service to the portion of Brooke County hereinafter described; and

WHEREAS, the Brooke County Commission has determined to grant such request, and upon its own motion proposes to amend and expand said boundaries as requested;

BE IT ACCORDINGLY ORDERED AND RESOLVED by the County Commission of Brooke County, West Virginia, that said Commission does hereby propose upon its own motion to amend the description of and expand the boundaries of the Ohio County Public Service District to include the following described territory situate in Buffalo District, Brooke County, West Virginia:

> Beginning at the intersection of the centerline of Short Creek Road (Ohio County Route 1) with the boundary line separating Ohio County and Brooke County, West Virginia; thence following said centerline of Short Creek Road in a northerly direction Eight Hundred (800) feet, more or less, to its intersection with the centerline of Girty's Point Road (Brooke County Route 2/2); thence following said centerline of Girty's Point Road in a northerly, then easterly direction Fourteen Thousand Six Hundred and Eighty (14,680) feet, more or less, to the intersection of the centerline of Girty's Point Road with the boundary line between Ohio County and Brooke County, West Virginia; thence with said boundary line in a westerly direction Eleven Thousand (11,000) feet, more or less, to the intersection of said boundary line with the waters of Short Creek; thence with the waters of Short Creek in a northerly direction One Thousand Eight Hundred and Eighty (1,880) feet, more or less, to the place of beginning.

IT IS FURTHER ORDERED AND RESOLVED that the County Commission of Brooke County hereby fixes the 1st day of June, 1995, said date being not more than forty (40) and not less than twenty (20) days from the date of entry of this order, for a public hearing before the Brooke County Commission upon the said amendment and expansion of the boundaries of the Ohio County Public Service District, said hearing to be held in the meeting room of the Brooke County Commission at 4:00 o'clock p.m.

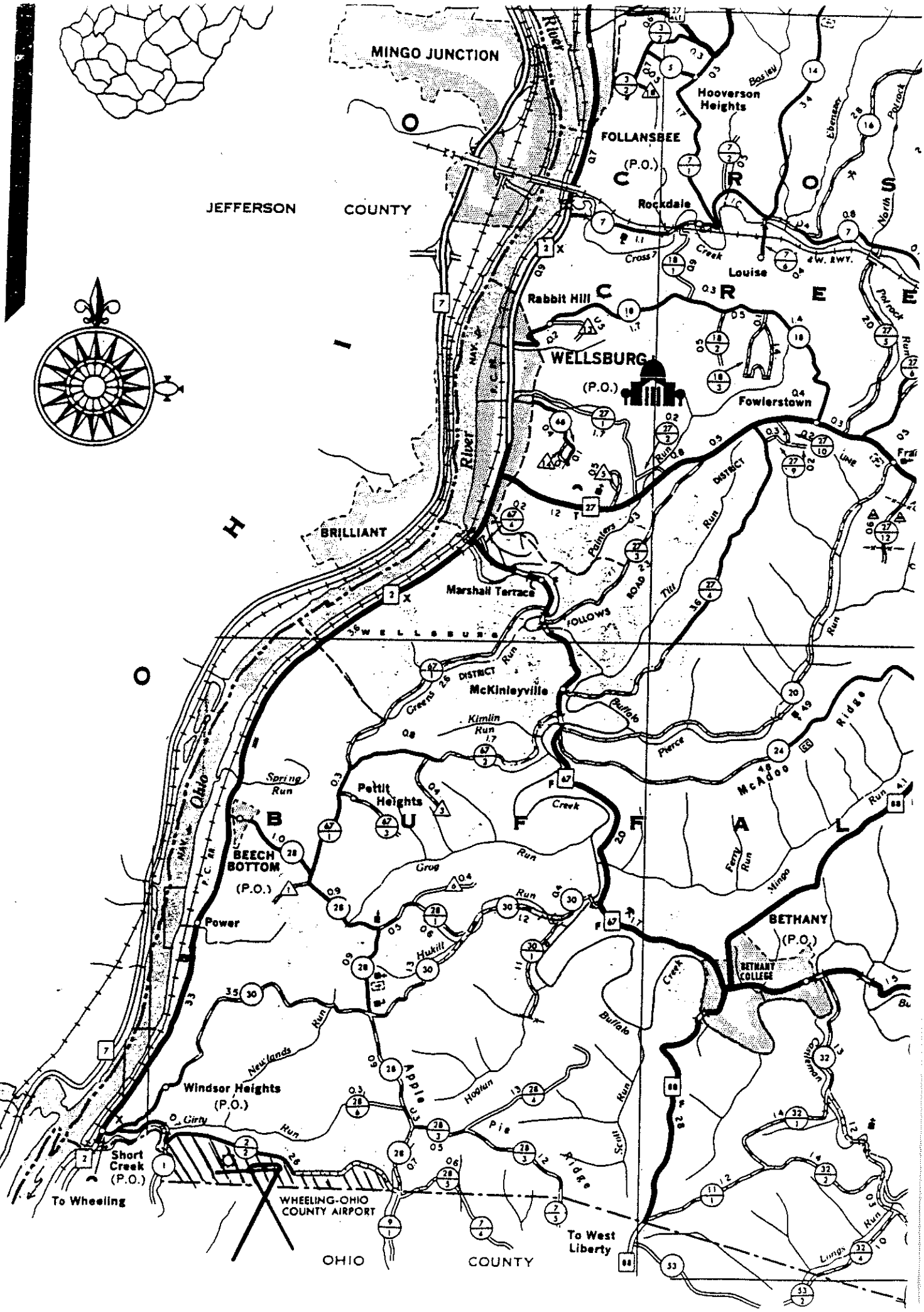
The County Commission hereby directs that a certified copy of this order be delivered to the County Commission of Ohio County, West Virginia, by certified mail, in order to notify said County Commission of the entry of this order and the date, place and time of the public hearing. This Commission further directs that notice be given of the public hearing and the time and place thereof, and setting forth a description of all the territory proposed to be included therein, by publishing this order one time in a newspaper of general circulation published in Brooke County at least ten (10) days prior to the date of the hearing, the cost of such publication to be paid by the Ohio County Public Service District, and by posting a copy of this order in at least five (5) conspicuous places in the territory proposed to be included in the District at least ten (10) days before the date of the public hearing.

ENTERED this 11th day of May, 1995.

David L. Hubbart

Norman A. Schwertfeger

Henry Wilson


MINGO JUNCTION
JEFFERSON COUNTY
FOLLANSBEE
(P.O.)
Hooverson Heights
Rockdale
Louise
Rabbit Hill
WELLSBURG
(P.O.)
Fowlerstown
BRILLIANT
Marshall Terrace
McKinleyville
Pettit Heights
BEECH BOTTOM
(P.O.)
Power
Windsor Heights
(P.O.)
Short Creek
(P.O.)
To Wheeling
WHEELING-OHIO COUNTY AIRPORT
OHIO COUNTY
To West Liberty
BETHANY
(P.O.)
BETHANY COLLEGE
Ohio River
Buffalo Creek
Follows Road
Pierce Ridge
McAdoo Ridge
Painters Run
Spring Run
Grog Run
Hukill Run
Newlands Run
Apple Jack Run
Hogtun Run
Pie Ridge
Ferry Run
Mingo Run
Linger Run
Cross Creek
Polk Run
Fish Creek
Dallas District
Liberty District
Franklin District
Washington District
Union District
Jefferson District
Wellsburg
Follansbee
Bethany
Weirton
Steubenville
Wheeling
Clarington
Cadiz
Barnesville
Martins Ferry
Bellaire
St. Clairsville
Cambridge
Zanesville
Marietta
Parkersburg
Ravenswood
Ripley
Point Pleasant
Huntington
Ashland
Ironton
Portsmouth
Chillicothe
Athens
Gallipolis
Middleport
Pomeroy
New Martinsville
Moundsville
Glen Dale
Benwood
Triadelphia
Valley Grove
Elm Grove
Wheeling Creek
Middle Grave Creek
Upper Grave Creek
Lower Grave Creek
Fish Creek
Buffalo Creek
Short Creek
Cross Creek
Polk Run
Linger Run
Pie Ridge
Apple Jack Run
Hogtun Run
Newlands Run
Grog Run
Hukill Run
Spring Run
Ferry Run
Mingo Run
Pierce Ridge
McAdoo Ridge
Painters Run
Follows Road
Buffalo Creek
Bethany College
Wheeling-Ohio County Airport
To Wheeling
To West Liberty
Ohio County
Jefferson County
Brilliant
Marshall Terrace
McKinleyville
Pettit Heights
Beech Bottom
Power
Windsor Heights
Short Creek
Rabbit Hill
Wellsburg
Fowlerstown
Louise
Rockdale
Hooverson Heights
Follansbee
Mingo Junction

COUNTY CLERK'S CERTIFICATION

STATE OF WEST VIRGINIA
County of Brooke, } ss

I, SYLVIA J. BENZO, Clerk of the County Court of Brooke County, the same being a Court of Record, having the custody of the Files, Journals and Records of said County, do certify that the foregoing is a true and accurate copy of Order and Resolution in the matter of enlarging Ohio County Public Service District into Brooke County. Henry A. Wilson having made a motion, seconded by Norman Schwertfeger, and unanimously passed to authorize President Gilchrist to sign said Order as the same appears of record in my office, in Miscellaneous Orders Book No. 23, Page 235, and I further certify that I have carefully compared the foregoing copy with the original record and that the same is a full and correct transcript thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Court, at Wellsburg, Brook County, West Virginia, this 21st day of August, 19 97.

Sylvia J. Benzo
Clerk County Court, Brooke County, WV

By _____
Deputy

BEFORE THE COUNTY COMMISSION
OF BROOKE COUNTY, WEST VIRGINIA

IN THE MATTER OF ENLARGING
OHIO COUNTY PUBLIC SERVICE
DISTRICT INTO BROOKE COUNTY

ORDER

On the 1st day of June, 1995, 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 Brooke County Commission Hearing Room at the Brooke County Courthouse in Wellsburg, West Virginia, commencing at 4:00 o'clock p.m., to consider and determine the feasibility of the following proposal, which proposal was made by the Commission on its own motion by order duly adopted and entered on May 11, 1995:

> 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 and sewer services within its existing territory, be enlarged to include and embrace the additional territory as hereinbelow described for the purpose of supplying sewer service to such territory:
>
> > Beginning at the intersection of the centerline of Short Creek Road (Ohio County Route 1) with the boundary line separating Ohio County and Brooke County, West Virginia; thence following said centerline of Short Creek Road in a northerly direction Eight Hundred (800) feet, more or less, to its intersection with the centerline of Girty's Point Road (Brooke County Route 2/2); thence following said centerline of Girty's Point Road in a northerly, then easterly direction Fourteen Thousand Six Hundred and Eighty (14,680) feet, more or less, to the intersection of the centerline of Girty's Point Road with the boundary line between Ohio County and Brooke County, West Virginia; thence with said boundary line in a westerly direction Eleven Thousand (11,000) feet, more or less, to the intersection of said boundary line with the waters of Short Creek; thence with the waters of Short Creek in a northerly direction One Thousand Eight Hundred and Eighty (1,880) feet, more or less, to the place of beginning.

Thereupon came Edwin K. Clifford, General Manager of the Ohio County Public Service District, who tendered to the Commission for filing a copy of the affidavit of Bonnie Mattern for the publisher of The Wheeling Intelligencer, of the publication of notice that this hearing would be held at this time and place, and as well he tendered for filing his own affidavit stating that he had posted said notice as required by law. Said affidavits were thereupon **ORDERED** filed by the Commission.

The Commission then proceeded to hear and consider the comments of all 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 Intelligencer, a qualified newspaper of general circulation in Brooke County, West Virginia, on May 19, 1995, being more than ten (10) days prior to said hearing.

2. That more than ten (10) days prior to said hearing, there was posted in at least five (5) 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 May 19, 1995.

3. That affidavits filed heretofore of the publication and posting of said notice were duly made by Bonnie Mattern for the publisher of the said Wheeling Intelligencer and Edwin K. Clifford, both under oath, containing a copy of said notice as published and posted, 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 June 1, 1995, which was conducted not more than forty (40) days and not less than twenty (20) 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 sewer 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 May 11, 1995.

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 currently providing sewer services, are included in said territory.

On the motion of Commissioner Henry Wilson, which was seconded by Commissioner Norman A. Schwertfeger 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 hereinbefore set forth and described, 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 for the purposes of providing sewer services therein; and it is further

ADJUDGED and ORDERED that the said Ohio County Public Service District, as herein-before 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.

ENTERED this 1st day of June, 1995.

COUNTY COMMISSION OF BROOKE COUNTY,

By _____
President

BEFORE THE COUNTY COMMISSION
OF BROOKE COUNTY, WEST VIRGINIA

IN THE MATTER OF ENLARGING)
OHIO COUNTY PUBLIC SERVICE)
DISTRICT INTO BROOKE COUNTY)

AFFIDAVIT

STATE OF WEST VIRGINIA,
COUNTY OF OHIO, To-wit:

Before the undersigned authority appeared Edwin K. Clifford, who, having first been duly sworn according to law, did depose and say:

1. That he is the General Manager of the Ohio County Public Service District;

2. That more than ten (10) days prior to June 1, 1995, he posted in five (5) conspicuous places in the said territory proposed for inclusion in said District a copy of the Order entered by the Ohio County Commission on May 11, 1995, which order gave notice of the public hearing and which contained the same information as was contained in the notice published on May 19, 1995, in the Wheeling Intelligencer;

3. And further the affiant saith naught.

Edwin K. Clifford

Taken, subscribed and sworn to before me this 1st day of June, 1995.

Notary Public

My commission expires:

4-9-96

F:\WPDOCS\CLIENTS\OCP0882\OCP0882.11\CLIFFAFF.BRK
Thu 01Jun95 15:09:47

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KAREN L. BARNHART
900 Riley Building
Wheeling, West Virginia 26003
My Commission Expires Apr. 9, 1996

BEFORE THE COUNTY COMMISSION
OF BROOKE COUNTY, WEST VIRGINIA

IN THE MATTER OF ENLARGING
OHIO COUNTY PUBLIC SERVICE
DISTRICT INTO BROOKE COUNTY

ORDER AND RESOLUTION

WHEREAS, the Public Service Board of the Ohio County Public Service District has requested the Brooke County Commission for an order amending the description of and expanding the territorial boundaries of the District, in order that the District could lawfully provide sewer service to the portion of Brooke County hereinafter described; and

WHEREAS, the Brooke County Commission has determined to grant such request, and upon its own motion proposes to amend and expand said boundaries as requested;

BE IT ACCORDINGLY ORDERED AND RESOLVED by the County Commission of Brooke County, West Virginia, that said Commission does hereby propose, upon its own motion to amend the description of and expand the boundaries of the Ohio County Public Service District to include the following described territory situate in Buffalo District, Brooke County, West Virginia:

Beginning at the intersection of the centerline of Short Creek Road (Ohio Count Route 1) with the boundary line seperating Ohio County and Brooke County, West Virginia; thence following said centerline of Short Creek Road in a northerly direction Eight Hundred (800) feet, more or less, to the intersection with the centerline of Girty's Point Road (Brooke County Route 2/2); thence following said centerline of Girty's Point Road in a northerly, then easterly direction Fourteen Thousand Six Hundred and Eighty (14,680) Feet, more or less, to the intersecton of the centerline of Girty's Point Road with the boundary line between Ohio County and Brooke County, West Virginia; thence with said boundary line in a westerly direction Eleven Thousand (11,000) feet, more or less, to the intersection of said boundary line with the waters of Short Creek; thence with the waters of Short Creek in a northerly direciton One Thousand Eight Hundred and Eighty (1,880) feet, more or less, to the place of beginning.

IT IS FURTHER ORDERED AND RESOLVED that the County Commission of Brooke County hereby fixes the 1st day of June, 1995, said date being not more than forty (40) and not less than twenty (20) days from the date of entry of this order, for a public hearing before the Brooke County Commission upon the said amendment and expension to the boundaries of the Ohio County Public Service District, said hearing to be held in the meeting room of the Brooke County Commission at 4:00 p.m.

The County Commission hereby directs that a certified copy of this order be delivered to the County Commission of Ohio County, West Virginia, by certified mail, in order to notify said County Commission of the entry of this order and the date, place and time of the public hearing. This Commission further directs that notice be given of the public hearing and the time and place thereof, and setting forth a description of all the territory proposed to be included therein, by publishing this order one time in a newspaper of general circulation published in Brooke County at least ten (10) days prior to the date of the hearing, the cost of such publication to be paid by the Ohio County Public Service District, and by posting a copy of this order in at least five (5) conspicuous places in the territory proposed to be included in the District at least ten (10) days before the date of the public hearing.

ENTERED this 11th day of May, 1995.

Daniel L. Gilchrist

Norman A. Schwertfegel

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I, Bonnie Mattern *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:*

May 19, 1995

commencing on the 19 *day of* May, *19* 95

Given under my hand this 23 *day of* May, *19* 95

Bonnie Mattern

Sworn to and subscribed before me this 23rd *day of* May *19* 95 *at WHEELING, OHIO COUNTY, WEST VIRGINIA*

Jean Diane Barnes
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires April 12, 2005

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JEAN DIANE BARNES
510 Main Street
Benwood, West Virginia 26031
My Commission Expires Apr. 12, 200-

COUNTY CLERK'S CERTIFICATION

STATE OF WEST VIRGINIA
County of Brooke, } ss

I, SYLVIA J. BENZO, Clerk of the County Court of Brooke County, the same being a Court of Record, having the custody of the Files, Journals and Records of said County, do certify that the foregoing is a true and accurate copy of Order in the matter of enlarging Ohio County Public Service District into Brooke County, said Order passed by unanimous vote of the Commission on June 1, 1995 as the same appears of record in my office, in Miscellanous Orders Book No. 23, Page 235, and I further certify that I have carefully compared the foregoing copy with the original record and that the same is a full and correct transcript thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Court, at Wellsburg, Brook County, West Virginia, this 21st day of August, 19 97.

Sylvia J Benzo
Clerk County Court, Brooke County, WV

By _____
Deputy

C 852-11

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
10-16-95

Entered: September 26, 1995

CASE NO. 95-0409-PSD-PC

BROOKE COUNTY COMMISSION
Petition to expand boundaries of
Ohio County Public Service District
to provide sewer service in Buffalo
District, Brooke County.

RECOMMENDED DECISION

On May 17, 1995, the Brooke County Commission filed a petition for approval to enlarge the boundaries of the Ohio County Public Service District to provide sewer service to an area in Buffalo District, Brooke County, in accordance with West Virginia Code §16-13A-2.

By Order dated May 26, 1995, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before December 13, 1995.

In a Final Joint Staff Memorandum filed June 22, 1995, Drexel M. Vealey, Esquire, Staff Attorney, along with William A. Nelson, Utilities Financial Analyst, Public Service District Division, explained that the petition filed by the Brooke County Commission is to expand the boundaries of the Ohio County Public Service District to provide sewer service in the Buffalo District of Brooke County. The petition also included a resolution and order adopted by the Ohio County Commission. This resolution was required since a majority of the Ohio County Public Service District's territory is situated in Ohio County. Messrs. Vealey and Nelson explained that this boundary expansion is requested in accordance with the provisions of West Virginia Code §16-13A-2. Both County Commissions had held their required public hearings to address the boundary expansion. Proper publication was made and public hearings were held on the boundary expansion and no protest was made at either hearing held. Both the Ohio and Brooke County Commissions adopted orders enlarging the District's boundaries by the metes and bounds description stated in the orders. In concluding their Memorandum, Messrs. Vealey and Nelson recommended that the Ohio County Public Service District's boundaries be expanded to permit it to provide sewer service to the Buffalo District of Brooke County, and that a hearing, as required by West Virginia Code §16-13A-2, be scheduled for these proceedings.

By Order dated July 17, 1995, this matter was set for a hearing to be held in the County Commissioners' Court Room, Brooke County Courthouse, Wellsburg, West Virginia, on August 24, 1995.

The hearing was held as scheduled. Appearing at the hearing was Drexel M. Vealey, Esquire, Staff Attorney, Legal Division. The Ohio County Public Service District appeared by its counsel, John P. Bailey, Esquire. No one appeared in protest to the Brooke County Commission's petition. Since no one appeared in protest to the petition, no evidence was taken and the matter was submitted as an unprotested case.

DISCUSSION

This case involves a petition filed by the Brooke County Commission to enlarge the boundaries of the Ohio County Public Service District to provide sewer service in the Buffalo District of Brooke County. The proper County Commission hearings were held in accordance with the provisions of West Virginia Code §16-13A-2, and no one appeared in protest at the hearings. The Public Service Commission hearing was held in Wellsburg on August 24, 1995, after proper publication was made of the date, time and place of the hearing, and no protests were received to the petition. The case was then submitted as an unprotested case.

FINDINGS OF FACT

1. On May 17, 1995, the Brooke County Commission filed a petition for approval to enlarge the boundaries of the Ohio County Public Service District to provide sewer service in an area in the Buffalo District, Brooke County, in accordance with West Virginia Code §16-13A-2. (See, Petition).

2. In a Final Joint Staff Memorandum filed June 22, 1995, Drexel M. Vealey, Esquire, Staff Attorney, and Mr. William A. Nelson, Utilities Financial Analyst, Public Service District Division, explained that, since a majority of the Ohio County Public Service District's territory is situated in Ohio County, the Ohio County Commission had also held a hearing and adopted a resolution which was submitted with the Brooke County Commission's petition. No persons appeared in protest at either of the hearings held by the Brooke County or Ohio County Commissions. (See, Memorandum filed June 22, 1995).

3. In an order dated July 17, 1995, a hearing was scheduled to be held in this matter in order to complete the requirements of West Virginia Code §16-13A-2, to be held in the County Commissioners' Court Room, Brooke County Courthouse, Wellsburg, West Virginia, on August 24, 1995. Said order also required the Brooke County Commission to publish a notice of hearing. Proper publication was made in accordance with the Commission's requirements and at the hearing held on August 24, 1995, no persons appeared at the hearing to protest the Brooke County Commission's petition. (See, Order dated July 17, 1995; Tr., p. 5; affidavit of publication, case file).

CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that, since a public hearing was held in Brooke County, in accordance with the provisions of West Virginia Code §16-13A-2, on the petition filed by the Brooke County Commission, and no one appeared at the hearing to protest the petition, said petition can be approved as an unprotested case.

ORDER

IT IS, THEREFORE, ORDERED that the petition of the Brooke County Commission, filed on May 17, 1995, to enlarge the boundaries of the Ohio County Public Service District to provide sewer service in the Buffalo District, Brooke County, be, and the same hereby is, granted and the Brooke County Commission Order dated May 11, 1995, be, and it hereby is, approved.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:pst

BEFORE THE COUNTY COMMISSION
OF OHIO COUNTY, WEST VIRGINIA

IN THE MATTER OF ENLARGING)
OHIO COUNTY PUBLIC SERVICE)
DISTRICT TO INCLUDE VILLAGE)
OF VALLEY GROVE)

ORDER AND RESOLUTION

WHEREAS, the Ohio County Public Service District was created by the Ohio County Commission on November 17, 1958, to include all of Ohio County which, as of the date of the creation of the District, was not within the corporate boundaries of any incorporated city, town or village; and

WHEREAS, the Village of Valley Grove was incorporated in 1951, and, therefore, the territory of said municipality is not within the territory of the Ohio County Public Service District; and

WHEREAS, the Village of Valley Grove desires to have the Ohio County Public Service District construct, maintain, and operate a sanitary sewer system within the corporate limits of the Village in order to serve the residents thereof; and

WHEREAS, the Village of Valley Grove has adopted a resolution consenting to the inclusion of the territory located within the corporate limits of the Village into the territory of the Ohio County Public Service District and requesting the Ohio County Commission to enlarge the territory of the Ohio County Public Service District to include the territory of the Village of Valley Grove, a copy of which resolution is attached hereto; and

I GREGORY L. STEWART, DO HEREBY CERTIFY THAT THE INFORMATION ATTACHED IS A TRUE AND EXACT COPY OF THE ORIGINAL ORDER AND RESOLUTION SIGNED BY THE OHIO COUNTY COMMISSIONERS ON THE 5TH DAY OF JUNE, 1996 PROPOSING THE EXPANSION OF THE OHIO COUNTY PUBLIC SERVICE DISTRICT TO INCLUDE THE VILLAGE OF VALLEY GROVE.

GREGORY L. STEWART
ADMINISTRATOR, OHIO COUNTY

WHEREAS, the Public Service Board of the Ohio County Public Service District has requested the Ohio County Commission for an order amending the description of and expanding the territorial boundaries of the District, in order that the District could lawfully provide sewer service to the Village of Valley Grove; and

WHEREAS, the Ohio County Commission has determined to grant such request, and upon its own motion proposes to amend and expand said boundaries as requested;

BE IT ACCORDINGLY ORDERED AND RESOLVED by the County Commission of Ohio County, West Virginia, that said Commission does hereby propose upon its own motion to amend the description of and expand the boundaries of the sewer service territory of the Ohio County Public Service District to include all territory situate within the corporate boundaries of the Village of Valley Grove, Ohio County, West Virginia.

IT IS FURTHER ORDERED AND RESOLVED that the County Commission of Ohio County hereby fixes the 3RD day of July, 1996, said date being not more than forty (40) and not less than twenty (20) days from the date of entry of this Order, for a public hearing before the Ohio County Commission upon the said amendment and expansion of the boundaries of the Ohio County Public Service District, said hearing to be held in the meeting room of the Ohio County Commission at 9:00 o'clock a.m.

This Commission further directs that notice be given of the public hearing and the time and place thereof, and setting forth a description of all the territory proposed to be included therein, by publishing this Order one time in a newspaper of general circulation published in Ohio County at least ten (10) days prior to the date of the hearing, the cost of

such publication to be paid by the Ohio County Public Service District, and by posting a copy of this Order in at least five (5) conspicuous places in the territory proposed to be included in the District at least ten (10) days before the date of the public hearing.

ENTERED this 5th day of June, 1996.

David J. Sims

Arthur L. McKenzie

W. G. Miller

COMMISSIONERS

BEFORE THE COUNTY COMMISSION
OF OHIO COUNTY, WEST VIRGINIA

IN THE MATTER OF ENLARGING
OHIO COUNTY PUBLIC SERVICE
TO INCLUDE THE VILLAGE OF
VALLEY GROVE

ORDER

On the 7th day of July, 1996, 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 Ohio County Commission Hearing Room at the Ohio County Courthouse in Wheeling, West Virginia, commencing at 9:00 o'clock a.m., to consider and determine the feasibility of the following proposal, which proposal was made by the Commission on its own motion by order duly adopted and entered on June 5, 1996:

WHEREAS, the Ohio County Public Service District was created by the Ohio County Commission on November 17, 1958, to include all of Ohio County which, as of the date of the creation of the District, was not within the corporate boundaries of any incorporated city, town or village; and

WHEREAS, the Village of Valley Grove was incorporated in 1951, and, therefore, the territory of said municipality is not within the territory of the Ohio County Public Service District; and

WHEREAS, the Village of Valley Grove desires to have the Ohio County Public Service District construct, maintain, and operate a sanitary sewer system within the corporate limits of the Village in order to serve the residents thereof; and

WHEREAS, the Village of Valley Grove has adopted a resolution consenting to the inclusion of the territory located within the corporate limits of the Village into

GREGORY L. STEWART, DO HEREBY CERTIFY THAT THE INFORMATION ATTACHED IS A TRUE AND EXACT COPY OF THE ORIGINAL ORDER SIGNED BY THE COMMISSION PRESIDENT, DAVID J. SIMS, DATED THE 7TH DAY OF AUGUST, 1996, EXPANDING THE OHIO COUNTY PUBLIC SERVICE DISTRICT TO INCLUDE THE VILLAGE OF VALLEY GROVE.

GREGORY L. STEWART
ADMINISTRATOR, OHIO COUNTY

the territory of the Ohio County Public Service District and requesting the Ohio County Commission to enlarge the territory of the Ohio County Public Service District to include the territory of the Village of Valley Grove, a copy of which resolution is attached hereto; and

WHEREAS, the Public Service Board of the Ohio County Public Service District has requested the Ohio County Commission for an order amending the description of and expanding the territorial boundaries of the District, in order that the District could lawfully provide sewer service to the Village of Valley Grove; and

WHEREAS, the Ohio County Commission has determined to grant such request, and upon its own motion proposes to amend and expand said boundaries as requested;

BE IT ACCORDINGLY ORDERED AND RESOLVED by the County Commission of Ohio County, West Virginia, that said Commission does hereby propose upon its own motion to amend the description of and expand the boundaries of the sewer service territory of the Ohio County Public Service District to include all territory situate within the corporate boundaries of the Village of Valley Grove, Ohio County, West Virginia.

THEREUPON came Edwin K. Clifford, a citizen of Ohio County, West Virginia, who tendered to the Commission for filing the affidavit of Bonnie Mattern for the publisher of the Wheeling Intelligencer, of the publication of notice that this hearing would be held at this time and place, and as well he tendered for filing his own affidavit stating said Notice had been posted 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 Intelligencer, a qualified newspaper of general circulation in Ohio County, West Virginia, on July 13, 1996, 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 July 13, 1996.

3. That affidavits filed heretofore, of the publication and posting of said notice were duly made by Bonnie Mattern for the publisher of the said Wheeling Intelligencer and Edwin K. Clifford both under oath, containing a copy of said notice as published and posted, 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 August 7, 1996, 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 sewer 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 July 3, 1996.

7. That the Village of Valley Grove, acting by and through its duly elected council, has consented in writing to the inclusion of the territory embraced within the boundaries of said Village within the sewer service territory of the Ohio County Public Service District.

On the motion of Commissioner Arthur L. McKenzie, which was seconded by Commissioner David Sims 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 that property situate within the corporate boundaries of the Village of Valley Grove and that the said Ohio County Public Service District shall hereby include and embrace such territory for the purposes of providing sewer services therein; 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.

ENTER this 7th day of August, 1996.

COUNTY COMMISSION OF OHIO COUNTY,

By David J. Sims
President

THE VILLAGE OF VALLEY GROVE

The undersigned, as the duly elected and acting Recorder of the Village of Valley Grove, West Virginia, a municipal corporation existing under and by virtue of the laws of The State of West Virginia, does hereby certify that the following is a true, correct, and complete copy of a resolution adopted by the Council of the Village of Valley Grove at a meeting held on the 8th day of May, 1996, at which meeting a quorum was present, and that such resolution is in full force and effect:

> **WHEREAS**, the Ohio County Public Service District was created by the Ohio County Commission on November 17, 1958, to include all of Ohio County which, as of the date of the creation of the District, was not within the corporate boundaries of any incorporated city, town or village; and
>
> **WHEREAS**, the Village of Valley Grove was incorporated in 1951, and, therefore, the territory of said municipality is not within the territory of the Ohio County Public Service District; and
>
> **WHEREAS**, the Village of Valley Grove desires to have the Ohio County Public Service District construct, maintain, and operate a sanitary sewer system within the corporate limits of the Village in order to serve the residents thereof;
>
> **NOW, THEREFORE, BE IT RESOLVED**, That the Village of Valley Grove hereby consents to the inclusion of the territory located within the corporate limits of the Village into the territory of the Ohio County Public Service District and requests the Ohio County Commission to enlarge the territory of the Ohio County Public Service District to include the territory of the Village of Valley Grove.

IN WITNESS WHEREOF, I have hereunto affixed my signature and seal of the Village of Valley Grove this 8th day of May, 1996.

VILLAGE OF VALLEY GROVE

By: Patty L. Naumann
Recorder

F:\WPDOCS\CLIENTS\OCP\882\OCP0882.14\VALLEYGR.RES
Fri 26Apr96 15:27:02

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: January 29, 1997

FINAL
2-18-97

CASE NO. 96-1011-PSD-PC

OHIO COUNTY COMMISSION
Petition for consent and approval to enlarge the area of the Ohio County Public Service District to provide sewer service to include the Village of Valley Grove

RECOMMENDED DECISION

On August 11, 1996, the Ohio County Commission (County) filed a petition for Commission consent and approval of an adjustment to the service boundaries of the Ohio County Public Service District (District). The County proposed enlarging the District's boundaries to include the Village of Valley Grove (Village). The County's petition asserts that the Village requested the boundary modification in order to receive service by the District. Attached to the petition was a copy of a resolution by the Village which consented to being within the District's service boundaries. The petition further stated that the County published the required notice and held a public hearing on the matter. A copy of the affidavit of publication was also attached to the petition.

On September 19, 1996, Staff filed an Initial Joint Staff Memorandum which indicated that the County had substantially complied with W.Va. Code § 16-13A-2. Staff also indicated that it had issued a discovery request to help it determine if the County's petition complied with Rule 6.4 of the Commission's Rules and Regulations for the Government of Public Service Districts. On September 30, 1996, the County responded to the Staff discovery request.

On September 30, 1996, the Commission referred the matter to the Division of Administrative Law Judges. The Commission established a decision due date of March 10, 1997.

On October 16, 1996, Staff filed a Final Joint Staff Memorandum. Staff stated that the County's petition complies with Rule 6.4. Staff further recommended that the County's petition be approved by the Commission.

On January 13, 1997, the matter was set for public hearing in Ohio County pursuant to the requirements of W.Va. Code §16-13A-2. The January 13 Procedural Order required the County Commission to publish notice of the hearing. The notice informed the public that it could file written protests

to the petition or appear at the hearing to make public statements regarding the County's petition to modify the boundaries of the District.

On January 27, 1997, the public hearing was held in Ohio County at Wheeling at the City Council Chambers. John Preston Bailey, Esq., appeared on behalf of the County. J. Joseph Watkins, Esq., appeared on behalf of the Staff of the Commission. No individual appeared to make public statements.

DISCUSSION

The Village currently has no public sewer system. See County Response to Staff Data Request at 2. Residents of the Village currently rely on individual septic systems or discharge directly into the Little Wheeling Creek. Id. The Village has approximately 175 potential sewer customers. Id. The District's nearest sewer line to the Village is located at the bottom of Dixon's Run just below the Village. Id. at 5. Given the relatively small size of the Village, it was deemed to be more financially feasible to have the District provide sewer service. Id. at 6. The Village requested that the County modify the District's boundaries in order to permit the District to serve the Village. The Village formally consented to being included in the District's service territory by enacting a resolution. See Resolution dated May 8, 1996.

The County published appropriate notice and held a public hearing on the matter. See Petition and attached documents. The County petitioned the Commission for its consent and approval pursuant to W.Va. Code §16-13A-2.

After its review, Staff recommended to the Commission on October 16, 1996, that the County's petition be granted. See Staff Ex. 1.

The Commission ordered the County to publish notice of a hearing to be held on January 27, 1997, in Wheeling for the purpose of taking public comment on the County's petition. The County caused the proper notice to be published. See County Ex. 1. The hearing was held and no public comment was offered.

The record demonstrates that it is in the public interest to grant the County's petition. The boundaries of the District should be enlarged to include the Village.

FINDINGS OF FACT

1. On August 11, 1996, the County filed a petition for Commission consent and approval of an adjustment to the service boundaries of the District so that the District's service territory would include the Village.

2. On May 8, 1996, the Village adopted a resolution consenting to the inclusion of the Village in the District's service territory. (See Certified Copy of Resolution).

3. On October 16, 1996, Staff of the Commission recommending granting the County's petition. (See Staff Ex. 1).

4. On January 20, 1997, the County published notice of a public hearing to be held on January 27, 1997, in Wheeling for the purpose of taking public comment. (See County Ex. 1).

5. A hearing was held on January 27, 1997 at City Council Chambers in Wheeling, Ohio County. (See Transcript generally).

6. No member of the public appeared to make comment regarding the County's petition. (See Transcript generally).

CONCLUSIONS OF LAW

1. The County has complied with the requirements of W.Va. Code §16-13A-2 in its actions related to enlarging the boundaries of the District.

2. The County has complied with the requirements of Rule 6.4 of the Commission's Rules and Regulations for the Government of Public Service Districts.

3. Expanding the District's boundaries to enable it to provide sewer service to the Village of Valley Grove is in the public interest.

4. The County Commission's August 7, 1996 order adjusting the boundaries of the Ohio County Public Service District should be approved.

ORDER

IT IS, THEREFORE, ORDERED that the August 7, 1996 order of the Ohio County Commission enlarging the Ohio County Public Service District to include the Village of Valley Grove is hereby approved.

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

Leave hereby is 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 a waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until

approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

K. A. George

Keith A. George
Administrative Law Judge

KAG:s

OHIO COUNTY COMMISSION

The Ohio County Commission met in regular session on Wednesday, January 18, 1995 at 9:00 a.m.

Commissioner Woodrow G. Miller opened the meeting with a Prayer and the Pledge of Allegiance. Others present were President David J. Sims, Commissioner Arthur L. McKenzie, Administrator Greg Stewart and Counselor Landers P. Bonenberger.

Commissioner McKenzie moved, seconded by Commissioner Miller, to approve the minutes of the meeting held on January 4, 1995. Motion carried.

Pat Dofka stated good morning I'm here just here today because we have a lot of new faces on the Commission. I just want to fill you in on basically what is being done on the Wheeling Creek Watershed project on Dam Site 7 on Middle Wheeling Creek. Between Twenty to Twenty-five years ago when the water was impound in Dam Site 7 there was a lot of plans focus on the dam site. Dr. Chapel came in with an idea to put an amphitheater up at the upper end of the lake and also boat docks. At that time the Commission extended about $2,000 to Earl Gill and Associates. Through the Dam building process it was determine by the Commissioner at that time well should we do something with it or shouldn't we. They approach the Governor at that time which was Arch Moore and he felt that he could get some funding. On my research in the watershed project such as this is the useful life for this type of improvement is only about ten (10) - fifteen (15) years because of soil erosion. Soil erosion what we mean is it just keeps filling in. Every year we lose about acre or two until you don't have any water but you still have the flood protection. During constructing a house was moved over looking the dam site on the western side of the dam with hope that some time in the future of putting a caretaker on the project. The dam was filled up and stocked by the Department of Natural Resources and low and behold that first summer we had a drowning. A young boy drown in the lake from swimming. The Commission at that particular time say we better get somebody out there to look at the dam to cut down on the liability which they did. They form a grou and I'm the last member of that group that over see the operation of the dam site. We couldn't come up with any solid funding and it didn't seem the Commissioners were much interest in the dam other than cut down the liability. I think the budget is $1,250. We had three or four different caretaker out the dam site. We were able to get small amount of State money for improvement around the dam over the years. We have a shelter there now, we have picnic tables, we have barbecue pits. The shelter is very well accepted. It is used a good bit. We do get a small amount of income from the shelter only to keep it reserve. It is ten (10) dollars and the reason we do that is so we don't have a conflict because only one group can be in the shelter at one time. The lake receive between 19,000 to 21,000 day usage. Day usage consist of somebody pulling up in the parking lot, getting out and going fishing or going walking. It is very popular for the hiking people. I just want to let you know how the dam is operate. We have a good caretaker on it at the present. When you look at 19,000 to 21,000 day usage that is lot of usage. The Department of Natural Resources which I feel very proud to be a Commissioner of we stock about 22,000 trout in the lake last year. Northern Pike, Adult Channel Catfish, and Finger Channel Catfish. The lake is very popular. I just wanted you to know because we might be in the need for a new tractor because the old one is twelve years old. It's really not costing you anything. The liability is nothing and we have a good caretaker and if you guys would want to get somebody else to take care of it or add to that is fine. Commissioner Miller asked if that was the dam in Pennsylvania? Mr. Dofka answer no sir that Dam Site 7 is up Middle Wheeling Creek. Commissioner Miller stated I was wondering about the new dam that was suppose to be in Pennsylvania. Mr. Dofka stated the new dam in Pennsylvania I visited it last Friday. There is no water in it. Two bridges are being erect at the Dam Site in Marshall County. Not one

I, GREGORY L. STEWART, DO HEREBY CERTIFY THAT THE INFORMATION ATTACHED IS A TRUE AND EXACT COPY OF THE ORIGINAL MINUTES OF THE OHIO COUNTY COMMISSION DATED JANUARY 18, 1995 WHEN THE COMMISSION APPOINTED ROBERT LUCHETTI TO HIS CURRENT TERM ON THE OHIO COUNTY PUBLIC SERVICE DISTRICT BOARD.

GREGORY L. STEWART
ADMINISTRATOR, OHIO COUNTY

but two. I don't see it being complete or filled, they could fill it up tomorrow. It is operating as it should be for flood protection, recreation no, but it does hold water back. That is a very expensive project. You'll hear seventeen or twenty million dollars figure and that figure really is thirty-one million dollars for that project. Commissioner Miller asked what is the hold up? Mr. Dofka answer there's no hold up. Commissioner Miller said "the reason I asked that question is because here we are becoming Spring and we are getting into the flood." Mr. Dofka answer "Woody, I try to explain that sir. It's doing exactly what it's intent to do. It is working as a dry dam. When need be the dam will hold back just as much water if it had thirty-one acres. It is operating the way it was intent to there is no recreation what so ever involve in when it is lay there empty. Marshall County is spending about Twenty-two thousand dollars a year to maintain Wolfe Run and Turkey Run and this new dam will take them up another ten thousand. It only costing this County $1,250." Commissioner Sims Thank Mr. Dofka. Counselor Bonenberger said "I speak personally I think it is a neglect rule out there it does very well now but even through it is neglected. We always look at it and talk about it but there were never any money." Commissioner Sims asked is that the only dam in Ohio County that is part of that project? Mr. Dofka answer that is correct. Let's not say neglect on Russell part the man does a fine job. Counselor Bonenberger stated not on the caretaker part but perhaps on the part of others. Commissioner Miller asked don't we have three dam, one up Big Wheeling Creek, one up Middle Wheeling Creek? Mr. Dofka answer the only one in Ohio County is up in Middle Creek. Commissioner Miller stated I mean in the Watershed. Mr. Dofka stated there is one at the old Boy Scout camp, one in Wolfe Run, one in Turkey Run then the one in is finish out and doing its job at Enlow Fork that is the four.

Home Confinement Program - Judge Broadwater stated we have Judge Risovich to try and explain from the judicial point of view. Several year ago in reference to some of the low misdemeanor type crime the Legislation recognize that we could have electronic confinement and we started experimenting with that with various devices. Some of which we found out wouldn't very reliable. I think we are up to the third company. Technology just continue to grow and grow and grow. You might remember a couple of years ago when we came down told you what we were doing in Brooke County and offer that serve to Ohio County since that there has been forty-three defendants in Ohio County on electronic confinement. The average sentence is about six months for each of those misdemeanor at Regional Jail at the rate of $35 a day that totals about $270,00 in jail fees that were not expended. What we are looking to do at this point in time is to give some alternate to the Judges down here not only have electronic home confinement as a sentence but also as pre-trial detention. We feel if these alternate are here we are not going to over burden the use of the jail. I would say over seventy-five percent of our people that are involve in the judicial process are either out on some kind of bond or some type of arrangement either than being in the jail. What we have here is a proposal that generally operated in Brooke County and Hancock County has taken it under advisement. Mr. Lee stated the program that I presented to you was three program. The idea was to provide the Court and the Magistrate Court sentence options or combine sentence options. One was the pre-trial release and house arrest to Magistrate Court and the other was community service program both of them need commitment by the County to employee two people. They will not be hire as Probation Officers. One would be hire as an Ohio County House Arrest Officers and one would be hire as an Ohio County Community Service Officers. They would be employed by the Commission and supervisor by the Court and under the Court jurisdiction. By opening up house arrest the Magistrate Court would give them the alternate by providing pre-trial, and community service gives the Judges another sentence option or a combination of sentence option that they can use. I submit the program in advance to you we look at the salary of $16,000 and the house arrest officers we would pay mileage of $28.5 cents a mile. The Community Service Officer would supervise work crews of five to ten people that

drug. Even through we understand the option there is to dry some person out in the Regional Jail is still an option that might be utilize by the Court. If we could use the system of send them away to a treatment facility and community services work where they can't show up intoxicated we probably being doing better for them at least on the initial interface with the Court system than we would be the tradition thirty days in the County Jail or something like that. There again, we are not try to do is say all first offense and second offense DUI are automatically out on the electronic home confinement. Counselor Bonenberger asked the Magistrates in this County have not use home confinement? Mr. Lee stated no Magistrates in the first Circuit has use home confinement because we were limit to one office and we could not provide enough positive supervision with one officers and four Magistrates. So we only offer it to the Circuit Court Judge. Commissioner Sims asked will the Home Confinement Officer conduct random drug and alcohol test? Mr. Lee answer "yes that is part of the program." Commissioner McKenzie asked Bill Ball, our probation officer here in Ohio County what part will he play? Mr. Lee answer "Bill will not play any part." Mr. Stuck who runs the House Arrest Program will over see the three officers in the House Arrest Program and I will over see the Community Service Project along with advisement from my Circuit Judges. Commissioner Miller stated the way I understand this on the individuals that are put on this program he pays for all this hook up and everything is that correct? Mr. Lee answer "the cost is this way. It cost a $100 to hook you up and $6.00 for supervision but we do not keep defendant off house arrest who can not afford it. The people who can afford end up paying for it. That why the moneys that we use to pay for the lease equipment there is not a big difference in what we have left over than what we spend. We cover people who can not afford it through people who can afford. You are not allow by law to deny somebody because they simply can't afford to pay for it. We have as you said $4,000 in Ohio County and $3,000 will go to the lease of equipment. Brooke we have $5,000 and $4,000 will go to the lease of equipment and so forth in Hancock. Commissioner Miller asked who would make that decision whether they can pay it or not, the Judge? The Judge places them on when we sit down with them we go over an agreement on what they can pay. I have people paying $10 a month on their house arrest people. I have some people would can not afford to pay and I have some people you pay up front. One person came in and paid $1,200. We have not had to come back to any County and ask for additional money for that program. The Circuit Judges made the decisions. Commissioner McKenzie asked by agreeing to this did Brooke County sign a contract? Mr. Lee stated there was no contract but if you want one we can. Commissioner Sims stated I might note when I meet with Senator Blatnik last Wednesday, she told me the committee that over see the Regional Jail, Legislation Committee has recommend that there be a $6.75 increase in the daily Regional Jail cost because they are finding out $35.00 a day doesn't cover it. She didn't know if it would be approve or not. Mr. Lee stated I clearly want you to understand that my intention was to develop a good sentence option package for my Circuit Judges. The secondary thing does help you out but the first primarily objective is to provide the Court with a good sentence alternate. The Judge might sentence him to the Regional Jail for thirty days and bring him back and put him on house arrest and order him to do community service. Commissioner Miller asked are you asking for a motion to approve this now. Mr. Lee stated yes. Commissioner Miller moved, seconded by Commissioner McKenzie, that we accept this and after one year review it and if it is not working do away with it. Mr. Lee stated I want you to understand that they will not be Probation Officers they will be County House Arrest Officer and County Community Service Officers under the Court Jurisdiction. We will interview and hire based on our criteria. Commissioner McKenzie stated you will do the hiring and the firing. Mr. Lee stated that is correct the Circuit Court. Motion carried.

Judge Broadwater stated as you probably know we had a juvenile wh went berserk . I think we are getting at the point where we are going to have to wire all the Courtrooms certainly a security system that the

for the County? Counselor Bonenberger stated no, we are probably missing some standardize policy in a number of areas. I think we need a written policy to be adopt by the Commission. You don't need a meeting to adopt the motion because it is in house matter, but I do think it is wise to have a written policy, so each bidder would have something to look at. Commissioner Miller asked doesn't the State Code have anything over $5,000 or over has to be put out to bid? Counselor Bonenberger stated the State Code is detail on some area and general on others. Commissioner McKenzie stated in the Commissioner's Comment I am prepare to request the Commission to instruct our new Administrator to write up such a policy. So we can look it over not only in bidding process but in the payment. Commissioner Sims stated it should be Lanny draft a policy. Commissioner Miller stated shouldn't it be under $5,000 because the State Code covers $5,000? Counselor Bonenberger stated we are going to follow the State Code because there is no way I could ever draft a policy that would violate the State Code. I will draft a policy that meets the State Code but there is some area in the bidding procedure that are not spoken to in the State Code. Those areas is where you have some leave way. Those areas you are going to have to have some understanding on what you want to do. Greg and I will work together and draft a proposed policy and submit to you for your approval. Commissioner Sims stated I would suggest to you to also include a percentage for local bidders to be determine later something 2-5% for local bidding, so we have that option.

President Sims stated we have two Boards that need appointments the first being the Ohio County Solid Waste Authority that was table at the last meeting. Commissioner McKenzie made the motion to appoint Wil Turani. I spoke to him and the City Manager and they both agree. Commissioner Miller stated I understand that he is a new resident of Ohio County and I really believe there are other people in Ohio County that are qualified more than him. Commissioner McKenzie stated he was the former Administrator for Hancock County he is well versed in solid waste and the problems that we have in the Cities and Counties with landfill and solid waste and he is now a resident of Ohio County and a member of the City Administration. Commissioner Sims stated Wil is also a head of the City recycling program. There was a motion to appoint Wil Turani is there a seconded? Commissioner Sims seconded the motion. Motion carried.

President Sims stated the next appointment is the Ohio County Public Service District that was also tabled at the last meeting. Commissioner Miller stated I have a man. I have know this man a long time and he has been a resident of Ohio County. His name is Robert Reeves, he has been in the Real Estate Business for thirty years. He is qualified to go out and look at any land that they would be running a sewer line across or a water line across. He would make an outstanding man on that Board. I would make a motion that Mr. Reeves be appointed. President Sims stated it was moved that Robert Reeves be appointed to the Public Service District Board is there a seconded. Hearing no seconded the Motion dies. Is there any other nomination? Commissioner McKenzie made the motion to appoint Bob Luchetti to the Public Service Board. Commissioner Miller stated I understand that Mr. Luchetti is on the Health Department Board and he is on the Solid Waste Board. How can we sit here and appoint a man to be on another Board, when we have fifty thousand people in Ohio County. I'm the Commissioner who is suppose to be in charge of that Board out there. Here I am trying to appoint a man that I had. It has always been that policy the man's Board he could appoint somebody and it has always been that policy? Here we are changing the policy just like we change the policy for the President of the Board. We change that too. Everything is being change since I been here. President Sims stated its has been moved that Mr. Luchetti be appointed to the Public Service District Board is there a seconded. I will seconded that nomination. Motion carried.

Audit - President Sims stated this is the yearly audit that we are require to do by state law prior to June 30 of each fiscal year. That contract is with Perry & Association. They have asked for an extension

money but are asking the employees to pay about $600 a year in Insurance without an increase in pay. Commissioner McKenzie stated Woody, the $300,000 that Woody stated that we borrowed the we still are getting money from the Coal Severance Fund and we were given $381,000 from the Jail Improvement Fund was transfer to the General County Fund and we are getting $200,000 from the Venture Capitol Program that we abolished a couple of month ago that is going into the General Fund. Again as you mention the Airport is bring in about $85,000 a year. Commissioner Miller stated the Airport only bought in about $27,000. Commissioner McKenzie stated that is per month Woody. Commissioner Miller stated that is their gross per month. I talked with Mr. Tominack up there and he told me in the summer month he would run between $6,000 - $8,000 a month. Commissioner McKenzie stated the Video Lottery is also bringing in and there is ample money there to grant the employees a bonus. It is only going to amount to $35,000. Commissioner Sims stated I just want to say I agree with Mr. Miller I don't want to raise taxes. The County has receive a winfall from the Jail Improvement and the money coming in from OVIBDC close to $600,000. The County Employees bonuses will probably be less than one tenth of that amount. The County Employees do an excellent job. I was reading a survey in the Public Interest Magazine that says the people of Wheeling are the most satisfy with their government services than any other Cities in the State of West Virginia. They did not receive a raise this year and they do have an additional burden from the insurance change over that we have made. The only quarrel I think I may have with your motion is I believe that we ought to include all of the employees for the $500 bonus. I understand your argument that the County Deputies are able to make additional money by using the uniform and the authority of the Ohio County Sheriff Department but when they do that it does take them away from their family. I would asked you to amend your motion to include all the employees for $500 bonus. I would be happy to second that. Commissioner McKenzie amend his motion to include all the employees for a $500 bonus. Commissioner Miller asked about the people's insurance? If we are going to be fair to the County employees then I think we should pick up this insurances whatever the insurance is instead of given them a one time bonus. I think this one time bonus is wrong. I think we ought to try and take care of these people insurance that is more important than them than a one time bonus. One time bonus don't mean that much. They have to pay taxes and that on it. This new insurance we were force into by the State I think we ought to pick that up for them and forget the bonus. I would like to put that into a motion. President Sims stated we have a motion to give all the County employees a $500 bonus for the calendar year 1994. Commissioner Sims seconded the motion. Commissioner Sims and Commissioner McKenzie stated Aye. Commissioner Miller voted against the motion. Motion carried. President Sims stated I was a County employee in 1994 and because I voted in the motion I will decline to accept the bonus.

Administrator Stewart stated I don't know if I am include in the bonus but I wish to decline it also. I don't know if it is legal but I don't know why it wouldn't be for us to look into 125K Plan for people that are paying hospitalization out of their pay check that would make that pre-tax and soften that blow. If they are paying $50 they would only feel about $35.00 coming out of their take home pay by putting that fifty before tax, it also saves the Commission FICA. Commissioner Sims asked is that a plan that can be used also child care expense, do you know? Administrator Stewart stated it is limit to some uses. Commissioner Sims stated what that does is take money off the top of the pay check that isn't tax and put into a saving account for them to use for certain purposes. They will be paying their twenty dollars deductible out of pre-tax dollars. Commissioner McKenzie stated that is a good idea. Commissioner Sims stated It's an excellent idea. Commissioner McKenzie moved, seconded by Commissioner Miller, that the Administrator look into a 125K Plan.

There being no further business at this time the meeting was adjourned. The next scheduled meeting is January 31, 1995 at 9:00 a.m.

David J. Sims, President

Gregory J. Stewart, Administrator

The attached minutes of the Commission is a true and exact copy of the original minutes of the Ohio County Commission's regular meeting of September 3, 1997.

Gregory L. Stewart
Administrator, Ohio County

OHIO COUNTY COMMISSION

The Ohio County Commission met in a regular session on Wednesday, September 3, 1997 at 7:00 p.m.

Present at the meeting were Commission President Art McKenzie, Commissioner David J. Sims, Commissioner Tim McCormick, Solicitor Landers Bonenberger, Administrator Greg Stewart. Absent was Administrative Assistant Janet Cunningham.

Commissioner McKenzie called the meeting to order. A silent moment was observed followed by the Pledge of Allegiance.

Commissioner McCormick made a motion to approve the minutes from the August 20, 1997 meeting. Commissioner Sims second. Motion approved with all voting in favor.

Terry Burkhart - OVIBDC - Development Grant - Mr. Burkhart was present and requested a resolution from the Commission which is required for the Economic Development Grant Program. This is the fifth year of the program where the State's WV Development Office passes the money through local counties through local development corporations for the purpose of fostering economic development in the counties. For the last 5 years, the Commission has designated OVIBDC as the lead agency which is one of the requirements to submit the grant application. This would be the same resolution that has been approved by the Commission in the past. Once approval is authorized, OVIBDC will submit an application to the state for funding. The state funds have increased from $25,000 per county to $30,000. As part of that, OVIBDC is required to match those funds. The purpose of the funds would be used for economic development activities, primarily marketing the county as a business location and working to develop specific sites within the county. The application should be submitted as soon as possible. Commissioner Sims made a motion to table the request until the next meeting. Commissioner McCormick second. Motion carried with all voting in favor.

✓ **Ohio County Public Service District Resolution Reappointment** - Mr. Stewart provided the Commission with a copy of a resolution that Mr. John Bailey, attorney for the PSD, has drafted asking the Commission to reaffirm Dan Dickinson's six-year appointment that began in October, 1992 and will expire October, 1998. Commissioner Sims made a motion to approve the resolution as presented. Commissioner McCormick second. Motion carried with all voting in favor.

Sheriff - Law Enforcement New Hire - Sheriff Weith submitted a letter to the Commission stating that Matthew Moore has been hired as a deputy to replace Marvin Mellott, who retired. Total number of active deputies is now nineteen with three communication officers.

Home Consortium Representative - Wyatt Hoffman, chairman of that committee, has asked the Commission to replace the third committee member. He has recommended Nancy Brocht, who is a member of First Choice Realtors business. She is willing to serve on that committee. Commissioner McCormick made a motion to approve Nancy Brocht for the vacant position on the

Home Consortium Board. Commissioner Sims second. Motion carried with all voting in favor.

STAFF REPORTS

There were no staff reports.

BILLS TO BE PAID

Commissioner Sims made a motion that they are paid as presented. Commissioner McCormick second. Motion carried with all voting in favor.

REVIEW OF EXONERATIONS

The following exonerations were submitted: #215, #216, #217, #218, #219, #220, #221, #222, #223, #224, #225, #226, #227, #228, #229, #230, #231, #232, #233, #234, #235, #236, #237, #238, #239. Commissioner Sims made a motion to approve the exonerations as submitted except #227 which is the Virginia Apartments. The Commission decided to get a clarification on this class change. Commissioner McCormick second. Motion carried with all voting in favor.

COMMISSIONER'S COMMENTS

There were no Commissioner's comments.

Commissioner Sims made a motion to go into executive session to discuss a personnel matter in accordance with WV Code §6-9a-4. Commissioner McCormick second. Motion carried with all voting in favor.

Commissioner McKenzie announced that the Commission will come out of the executive session and go back into the regular session.

Commissioner Sims made a motion to give the Administrator the authority to hire a payroll/accounts payable clerk, and also to hire a permanent part-time purchase order clerk and a permanent part-time election clerk. Commissioner McCormick second. Motion carried with all voting in favor.

The next regular meeting will be on September 17, 1997 at 3:00 p.m. There being nothing further to discuss, Commission McKenzie adjourned the meeting.

Arthur L. McKenzie
Commission President

Gregory L. Stewart
County Administrator

OHIO COUNTY COMMISSION

The Ohio County Commission met in a regular session on Wednesday, January 15, 1997 at 4:00 p.m.

Present at the meeting were Commission President Art McKenzie, Commissioner David J. Sims, Commissioner Tim McCormick, Solicitor Landers Bonenberger, Administrator Greg Stewart and Administrative Assistant Janet Cunningham.

Commissioner McKenzie called the meeting to order. A silent moment was observed followed by the Pledge of Allegiance.

Commissioner Sims made a motion to approve the minutes from the January 2, 1997 meeting. Commissioner McCormick second. Motion approved with all voting in favor.

Commissioner Board Appointments - Mr. Stewart provided a copy of the positions that needed to be filled by the County Commissioners. Commissioner McCormick made a motion that the positions of each Commissioner be accepted as submitted. Commissioner Sims second. Motion carried with all voting in favor. Commissioner McKenzie suggested that the Administrator write a letter to each committee to indicate which Commissioner is now on their board.

✓ **Ohio County Public Service District Appointment** - Commissioner McCormick made a motion to reappoint James Boyd to the Ohio County Public Service District for a four year term. Commissioner Sims second. Motion carried with all voting in favor.

Northern Panhandle RC&D Council Appointment - Mr. Stewart submitted a copy of the entire committee to the Commissioners. C. J. Reinacher is currently on the board and his term expired December, 1996. The RC&D Council is the Resource Conservation & Development Council. They are a spin-off board of the Northern Panhandle Soil Conservation District of which federal monies flow through from the State to the local districts. Commissioner Sims made a motion to reappoint C. J. Reinacher to the board. Commissioner McCormick second. Motion carried with all voting in favor.

Home Consortium - Committee Representative - Mr. Stewart noted that Perry Galloway has been unable to attend many of the meetings possibly because of a conflict in his work schedule. The committee has asked the Commission to fill that position. Lisa Badia and William Dean are currently on that board. This is a loan program for housing rehab. Commissioner Sims suggested a person who is in the construction business. He made a motion to table this issue until the next meeting so that the Commission has time to review who they may want to appoint. Commissioner McCormick second. Motion carried with all voting in favor.

Employee Handbook - Residency Language - Mr. Stewart provided a copy of a draft of Residency Requirement for the Employee Handbook. It will be Section 5.1 of the Handbook titled Residency Requirements. Included in this draft :

I, GREGORY L. STEWART, DO HEREBY CERTIFY THAT THE INFORMATION ATTACHED IS A TRUE AND EXACT COPY OF THE ORIGINAL MINUTED OF THE OHIO COUNTY COMMISSION DATED JANUARY 15, 1997 WHEN THE COMMISSION REAPPOINTED JAMES BOYD TO HIS CURRENT TERM ON THE OHIO COUNTY PUBLIC SERVICE DISTRICT BOARD.

GREGORY L. STEWART
ADMINISTRATOR, OHIO COUNTY

17C

train them or if there are correctional officers out there looking for jobs who are trained but just need certified. Commissioner McKenzie thought that with the four correctional officers that we now have, we could open and operate the jail and this other correctional officer could work while he is waiting for training. There is no reason to put off opening the holding facility at the jail for a period of 60 days. Chester Kloss asked if the correctional officers have to take a civil service exam prior to being hired and is there an eligibility list. Commissioner McKenzie stated that there is not one at the present time but there should be. It is a civil service test and it should be run exactly the way the police department and the deputy sheriff's are. Every two years, a test should be given and a waiting list be established so that you could hire someone immediately. It is required that it be advertised for 30 days, a test be given, tests graded, hire the person and then they are trained. He suggested to open the jail on February 1, 1997 with the four correctional officers and go through the procedure of hiring additional correctional officers. Mr. Bonenberger asked if the new person that the sheriff wants to hire is being hired as a correctional officer. Mr. Stewart noted that he is not currently certified and he would have to be put through that process. Although Mr. Bonenberger is not an expert on civil service when it comes to correctional officers or deputies, it is his understanding that the sheriff was constrained to utilize the eligibility list prepared by the Civil Service Commission. If he is required to do this, then the Commission cannot authorize the Sheriff to hire this person without going through the normal process of the Civil Service Commission creating an eligibility list and from that list, correctional officers being chosen. Commissioner McKenzie said that in order to hire him as a correctional officer, he must take the correctional officer's civil service exam. If he is hired now and takes the test later, he may not pass the test. He must be hired from an eligibility list. Mr. Bonenberger said it appears to make sense to him and if this is correct, he does not think the Commission should authorize the Sheriff to hire him, whether he plans to use him as a correctional officer or not. Commissioner McKenzie said that when the civil service tests are graded and the Sheriff wants to hire another correctional officer, the Civil Service Commission submits three names from the top of the list. The Sheriff can pick any one of those three. Commissioner Sims made a motion to not authorize the hiring of this individual but to authorize the Sheriff to fill the fifth correctional officer position with a correctional officer and then to authorize a sixth correctional officer position, so that we'll have six correctional officers. Commissioner McCormick asked if the person had started to work yet. Mr. Stewart said that the original hire date was January 18, 1997. He then received a letter saying that Mr. Stuckey would begin work as soon as January 8, 1997. He is unsure of the exact date of hire. Commissioner McCormick's concern is that we may run into a problem legally if this person left his place of employment to take this position that he thought he had and now doesn't have. Mr. Bonenberger read from a letter from the Sheriff that Mr. Stuckey *was hired as of January 8, 1997 after going through all the proper procedures and he would be a candidate for correctional officer if and when the Civil Service Commission would hold an exam.* He is unsure as to what that means. The question is whether he is eligible to be hired as a correctional officer. He does not know the answer to that but thought that Brann Altmeyer would because he is chairman of the Correctional Officer's Civil Service Board. Commissioner McKenzie said that the only constraints to taking the test is age limits and being able to pass a physical. Of course, it is up to the individual as to how far up on the list they are. Mr. Bonenberger said that we must find out from the Sheriff exactly how he has concluded that Mr. Stuckey was hired after going though all the proper procedures. Commissioner Sims thought that the Sheriff meant by proper procedures is that he followed the Handbook procedures. Mr. Bonenberger said that if the Civil Service Commission needs to create a list, then

The next regular meeting will be on February 5, 1997 at 9:00 a.m. Board of Review will begin on Monday, February 3, 1997. Commissioner Sims made a motion to adjourn. Commissioner McCormick second. Motion carried with all voting in favor.

Arthur L. McKenzie
Commission President

Gregory L. Stewart
County Administrator

OHIO COUNTY COMMISSION

The Ohio County Commission met in a regular session on Wednesday, February 5, 1997 at 9:00 a.m.

Present at the meeting were Commission President Art McKenzie, Commissioner David J. Sims, Commissioner Tim McCormick, Solicitor Landers Bonenberger, Administrator Greg Stewart and Administrative Assistant Janet Cunningham.

Commissioner McKenzie called the meeting to order. A silent moment was observed followed by the Pledge of Allegiance.

Commissioner Sims made a motion to approve the minutes from the January 15, 1997 meeting. Commissioner McCormick second. Motion approved with all voting in favor.

Civil Service for Correctional Officers - Commission Appointment - Mr. Stewart noted that the Civil Service Board for Correctional Officers consists of five members. Mr. Edgar A. Poe asked that he be replaced on that board. It is required that no more than three members of the same political party be appointed. Currently, we have two democrats and two republicans. Commissioner McKenzie made a motion to appoint Marty Maness who stated that he will be more than happy to serve on that board. Commissioner Sims second. Motion carried with all voting in favor.

Home Consortium - Commission Appointment - Mr. Stewart stated that since Mr. Galloway has been unable to attend the meetings, mostly because they are held through the day, the Commission must designate another person. Commissioner Sims made a motion to appoint Pat Morrison to the board since she is from the East Wheeling area and that is one of the main areas that will be affected. Commissioner McCormick second. Motion carried with all voting in favor.

Home Consortium - Public Hearing Date - Mr. Stewart said that as part of the process, HUD requires that each of the local entities involved hold a public hearing now that the plans have been developed. He suggested that the hearing be held on March 5, 1997 during the Commission meeting. It will be advertised and opened up for public comment. Commissioner Sims made a motion to hold the public hearing on March 5, 1997. Commissioner McCormick second. Motion carried with all voting in favor.

Wheeling National Heritage Area Corp - Commission Appointment - Mr. Stewart provided the Commission with a copy of the committee that makes up that board. The Commission has one designee. Currently, it is Jack Fahey whose term has expired. Commissioner McCormick made a motion to reappoint Mr. Fahey, who has expressed an interest to remain on that committee. Commissioner McKenzie second. Motion carried with all voting in favor.

Budget Revisions - Sheriff's Department - Mr. Stewart has received a request from the Sheriff's Department to transfer $1000.00 from the Law Enforcement travel line item to the Tax Office training and education line item for the upcoming County Association meeting in Charleston.

THIS IS TO CERTIFY THAT THIS IS A TRUE AND EXACT COPY OF THE ORIGINAL MINUTES FROM THE OHIO COUNTY COMMISSION MEETING OF FEBRUARY 5, 1997.

GREGORY L. STEWART, ADMINISTRATOR

Commissioner Sims said that if deputies are being sent for training and education, they should be sent to training and education programs. The meeting that is scheduled in March is not a training and education program. Mr. Stewart noted that there is a mandatory training session that comes later in the summer for each of the departments. Commissioner Sims suggested that the money be appropriated to send them to that training session. He asked if there would be sufficient monies for training for the new deputies that will be hired. Mr. Stewart received a letter from the Sheriff noting that the two new hires will not make it to the academy until after July 1, at which time there will be sufficient money in next year's budget.

Budget Revisions - Circuit Clerk's Office - Mr. Stewart was notified by Lin Humphries that her office is once again having problems with the rolling files. One of the files is broken and must be manually turned. It does not seem to be repairable unless an outfit from out of town is brought in which will be costly. She has money within her department and if it is moved to the appropriate line items, she can buy the shelving unit that she proposed at budget time without the Commission granting additional money. After reviewing a prepared breakdown sheet of all the line items that she wanted moved around, Commissioner Sims made a motion to approve the change in line items to permit the Circuit Clerk to purchase the new manual shelving unit and the other matters will be taken up at budget time. Commissioner McCormick second. Motion carried with all voting in favor.

STAFF REPORTS

Mr. Stewart mentioned that two holidays are coming up in February. They are February 12, which is Lincoln's Birthday and February 17, which is Washington's Birthday.

Mr. Stewart clarified the expiration term of OCPSD member, James Boyd. That term is for six years and not four as previously stated.

Mr. Stewart received correspondence from the Sheriff regarding the process server. He would like the funds to remain in that department until the civilian position is replaced with a deputy. It will remain there approximately two more months. The Commission had already approved that the money to be transferred.

Mr. Tominack stated that at a bankruptcy hearing held on January 21, 1997, he successfully bid on equipment that can be utilized at the airport. He placed a bid of $5000.00 for two fuel trucks, office equipment, and tow bars. He appeared before the Commission previously and received tentative approval. He is now asking for a formal approval of that bid. Commissioner McCormick made a motion that the necessary funds for the bid be approved from the Capital Improvement Fund. Commissioner Sims second. Motion carried with all voting in favor.

Mr. Tominack noted that for the past two years, he has been attempting to solicit an organization in Corpus Christi, Texas that has an air race classic, which is a national women's talent organization that flies annually. This year, Wheeling will be one of the stops on their cross country route with approximately 100 women pilots involved. There should be good community promotion

of it through their national program. The date is June 24 through June 27. The race starts in Boise, Idaho and Wheeling will be the next to the last stop. The public is invited to come and take part.

REVIEW OF EXONERATIONS

Mr. Stewart submitted the following exonerations to the Commission: #340, #342, #343, #344, #345, #348, #349, #350. Commissioner Sims made a motion to approve the exonerations as submitted. Commissioner McCormick second. Motion carried with all voting in favor.

COMMISSIONER'S COMMENTS

Commissioner McCormick was contacted by Craig O'Leary, an employee of AEP. He has been very active in developing a Wheeling Celtic Celebration. There will be a celebration with dual sponsorship with the Artisan Center on March 8 and March 9. The third floor of the Artisan Center will be transformed into an Irish pub atmosphere with vendors and entertainment. He requested that Mr. Stewart draw up a proclamation for them to be included in their program and asked the Commission for their support and/or sponsorship by purchasing an ad. Commissioner Sims made a motion to approve an expenditure of $50.00 from this current year's hotel/motel budget for a half page ad in the program in support of the festival. Commissioner McKenzie second. Motion carried with all voting in favor.

The next regular meeting will be on February 19, 1997 at 9:00 a.m. Commissioner Sims made a motion to adjourn. Commissioner McCormick second. Motion carried with all voting in favor.

Arthur L. McKenzie
Commission President

Gregory L. Stewart
County Administrator

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF OHIO, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of PUBLIC SERVICE DISTRICT BOARD OF DIRECTORS to the best of my skill and judgment, SO HELP ME GOD.

Signature James C Byrd Jr

Subscribed and sworn to before me, the undersigned, in said County and State, this 22ND day of JANUARY, 19 97.

Lin V. Humphries

LIN V. HUMPHRIES, CIRCUIT CLERK
for the County of Ohio, at
Wheeling, West Virginia

CERTIFIED TO BE A TRUE AND EXACT COPY OF THE ORIGINAL

Lin V. Humphries

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF OHIO, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of a member of the Ohio County Public Service Board of Directors. to the best of my skill and judgment, SO HELP ME GOD.

Signature _____
Robert R. Luchetti

Subscribed and sworn to before me, the undersigned, in said County and State, this 20th day of January, 19 95.

_____
LIN V. HUMPHRIES, CIRCUIT CLERK
for the County of Ohio, at
Wheeling, West Virginia

CERTIFIED TO BE A TRUE AND EXACT COPY OF THE ORIGINAL

_____

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF OHIO, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of PUBLIC SERVICE DISTRICT BOARD OF DIRECTORS to the best of my skill and judgment, SO HELP ME GOD.

Signature [signature]

Subscribed and sworn to before me, the undersigned, in said County and State, this 3rd day of October, 19 97.

[signature] - Deputy Clerk for & on behalf of Lin V. Humphries Circuit Clerk

LIN V. HUMPHRIES, CIRCUIT CLERK
for the County of Ohio, at
Wheeling, West Virginia

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation, Application for Certificate of Convenience and Necessity, Ohio County, West Virginia

NOTICE OF PREFILING

The County Pulic Service District hereby gives notic... ...at it has prefiled with the Pulbic Service Commissioner of West Virginia an application for a certificate of convenience and necessity to construct, maintain, and operate an sanitary sewage collection and transmission system in and adjacent to The Village of Valley Grove, Ohio County, West Virginia.

The amount of money to be borrowed in connection with the project will not exceed Eight Hundred Seventy-five Thousand Dollars ($875,000.00), at a maximum rate of interest of three percent (3%) per annum and a maximum term of forty (40) years.

The Project will consist of approximately 26,000 feet of gravity sewers, a lift station, and approximately 2,000 feet of force main to collect the sanitary sewage from 170 to 180 homes and existing gravity sewer lines of the Ohio County Public Service District, through which the sewage will be transmitted to the Town of Triadelphia and into the City of Wheeling's wastewater system for treatment.

The anticipated rates to be charged to the customers of the Project are the same as charged to the other customers of the Ohio County Public Service District, being $7.33 per month plus $4.63 per 1,000 gallons.

The formal application for a certificate of convenience and necessity will be filed with the Public Service Commission of West Virginia on January 2, 1997.

OHIO COUNTY PUBLIC SERVICE DISTRICT, a public corporation,
By: James C. Boyd, Jr., Chairman

Intell. Dec. 2, 9, 1996

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I, Bonnie Mattern *for the publisher of the*

~~WHEELING NEWS-REGISTER~~ xx
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:*

December 2,9, 1996

commencing on the 2 *day of* December, *19* 96

Given under my hand this 20 *day of* December, *19* 96

Bonnie Mattern

Sworn to and subscribed before me this 20th *day of* December *19* 96 *at WHEELING, OHIO COUNTY, WEST VIRGINIA*

Jean Diane Barnes
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires April 12, 2005

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JEAN DIANE BARNES
519 Main Street
Benwood, West Virginia 26031
My Commission Expires Apr. 12, 2005

BOARD MEETING HELD JANUARY 22, 1997 . . . . . .

The regular Board Meeting for January 16, 1997, was rescheduled for January 22, 1997. The meeting was held in the Board's meeting room at 411 National Road, Triadelphia, WV. Said meeting convened at 7:00 P.M.

Those in attendance were:

James C. Boyd, Jr., Chairman
Daniel W. Dickinson, Jr., Sec'y/Treas
Robert R. Luchetti, Member
John Bailey, Attorney
Morgan Coast, Engineering Consultant
Ed Clifford, Manager
C. Nick

Chairman Boyd said the minutes had been mailed prior to the meeting and with no additions or corrections, would stand approved as mailed.

After the Board's review of the Accounts Payable, Dan Dickinson motioned to pay the bills and Bob Luchetti seconded the motion.

Ed had a list of line breaks we have had since December 23, 1996. There have been eight waterline breaks to date. He is going to keep a list of these on the computer.

Ed had correspondence from the Ohio County Commission advising that Art McKenzie was elected President, David Sims the Vice-President and Tim McCormick, Commissioner.

Ed said that Mr. Boyd was reappointed today (1-22-97) to the Ohio County PSD Board.

Ed said that John Bailey had filed all the documents to the PSC for the Valley Grove Sewer Project except Form 5, which would be sent.

Ed said he had been in contact with Dan Carney of Windsor Coal about installing a new water tank at Short Creek. Ed said there is an old coal mine under the site. The Board discussed different options.

Ed had been in contact with Tom Tominack of the Ohio County Airport about the tank site and he said if the tank was located near the airport, it would need a light on it. Ed said that would be no problem.

Ed said he had received from Art McKenzie a copy of a letter sent to him and the PSC from William Duvall of Valley Grove about his poor water pressure.

Ed said that Jeff Bennett of the PSC had suggested that Ohio County PSD take over the line in Valley Grove, & furnish them with water from Mt. Echo. Mr. Boyd said the rates will have to be the same as ours. Ed said a lot needs to be discussed before anything can be done.

Ed said the sewer lines in Clinton Hills have been replaced. He said that clean-outs are on 30% to 40% of the homes. Deerhaven has all sewer lines replaced.

Ed had a meeting for the new Oglebay Park Golf Course located on what was the Griffith property, near the top of Peter's Run. They said they would be taking 750 gallons of water a minute.

John Bailey had correspondence regarding the West Liberty roof drains and said they have made progress and may be ahead of schedule on some buildings.

John said he had the Form 5 that needed to be signed for the Valley Grove Sewer. Bob Luchetti made the motion to sign Form 5 for the Application for Cert-ificate of Convenience and Necessity for the Valley Grove Sewer and Dan Dickinson seconded the motion.

The Organizational Meeting was held:

Bob Luchetti motioned to appoint James Boyd as Chairman and Dan Dickinson seconded the motion.

Jim Boyd motioned to appoint Dan Dickinson as Secretary/Treasure and Bob Luchetti seconded the motion.

Jim Boyd motioned that Mr. Luchetti was to act in his absence as Chairman if there were ever any documents to be executed and Dan Dickinson seconded the motion.

Meeting adjourned at 8:20 P.M.

James C. Boyd Jr.
Chairman

Secretary

BOARD MEETING HELD OCTOBER 8, 1997 . . . . . .

A Special Board meeting of the Ohio County Public Service District was held October 8, 1997, in the Board's meeting room at 411 National Road, Triadelphia, WV. Said meeting convened at 7:30 P.M.

Those in attendance were:

James C. Boyd Jr., Chairman
Daniel W. Dickinson, Jr., Sec'y/Treas
John Bailey, Attorney
Ed Clifford, Manager
C. Nick

Mr. Boyd called the meeting to order and Mr. Boyd announced that a quorum of members was present and that the meeting was open for any business properly before it. Mr. Boyd said this was also, a meeting for the Adoption of Bond and Notes Resolution and Supplemental Resolution for the Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund).

Mr. Boyd said the minutes had been mailed prior to the meeting and with no additions or corrections, would stand approved as mailed. After review of the Accounts Payable, Mr. Dickinson motioned to pay the bills with Jim Boyd seconding the motion.

Ed had the audit reports from the auditor and after the Board's discussion, Mr. Boyd motioned that $200,000 for water and $89,754 for sewer be for Capital Improvements and to accept the audit report. Dan Dickinson seconded the motion.

Ed had correspondence from the WV Division of Natural Resources for the Public Land Corporation for the Pipe Line Agreement P-97-I/35-324 for Liberty and Triadelphia Districts of Ohio County and P-97-I/25-1258 for Union District of Marshall County. Mr. Dickinson motioned for Mr. Boyd to execute the Agreements and Mr. Boyd seconded the motion.

Mr. Boyd said the meeting would now be for the Adoption of Bond and Notes, Resolution and Supplemental Resolution for the Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund).

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO 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 $1,081,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF OHIO COUNTY PUBLIC SERVICE DISTRICT; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

The Chairman then presented the Resolution approving invoices relating to construction and other services for the proposed WASTEWATER SYSTEM EXTENSION PROJECT and authorizing payment thereof, and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the resolution approving invoices be adopted and be in full force and effect on and from the date hereof.

After discussion by the Board members, Dan Dickinson motioned that any and all Board members can sign any documents that need to be signed, which motion was seconded by Mr. Boyd and adopted by the board.

There being no further business to come before the meeting on motion by Mr. Dan Dickinson and seconded by Mr. James Boyd, it was unanimously ordered that the meeting adjourn.

James C. Boyd Jr.
Chairman

Dan Dickinson
Secretary

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: October 15, 1997

(See Reverse for Instructions)

ISSUE: OHIO COUNTY PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1997 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 216, Triadelphia, WV 26059 **COUNTY:** Ohio

PURPOSE OF ISSUE: New Money X / Refunding ___ **Refunds issue(s) dated:**

ISSUE DATE: October 15, 1997 **CLOSING DATE:** October 15, 1997

ISSUE AMOUNT: $ 1,081,000 **RATE:** 0%

1st DEBT SERVICE DUE: 9/1/98 **1st PRINCIPAL DUE:** 9/1/98

1st DEBT SERVICE AMOUNT: $6,929.49 **PAYING AGENT:** Municipal Bond Commission

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins, Esq.

Phone: 624-8161

CLOSING BANK: WesBanco Elm Grove

Contact Person: Don Jebbia

Phone: 243-7500

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Edwin Clifford

Position: General Manager

Phone: 547-5133 **FAX:**

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esq.

Phone: 340-1318

ESCROW TRUSTEE:

Contact Person:

Phone:

OTHER: Infrastructure and Jobs Development Council

Contact Person: Susan Riggs, Esq.

Function: Executive Director

Phone: 558-4607

DEPOSITS TO MBC AT CLOSE:

By ___ Wire ___ Check

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

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By ___ Wire ___ Check ___ IGT

___ To Escrow Trustee: $
___ To Issuer: $
___ To Cons. Invest. Fund: $
___ To Other: $

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED:

TRANSFERS REQUIRED:

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

WesBanco Elm Grove, a state banking corporation, in Elm Grove, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution of Ohio County Public Service District (the "Issuer"), both adopted October 8, 1997 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), dated October 15, 1997, in the principal amount of $1,081,000 (the "Bonds"), all as set forth in the Bond Legislation.

WITNESS my signature on this 15th day of October, 1997.

WESBANCO ELM GROVE

President

10/02/97
670150/96001

133004.2

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Ohio County Public Service District Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), dated October 15, 1997, in the principal amount of $1,081,000 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 15th day of October, 1997.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Charlotte L Morgan

Assistant Vice President

09/10/97
670150/96001

133005.

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Ohio County Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Ohio County Public Service District Sewer Revenue Bond, Series 1997 A (West Virginia Infrastructure Fund), of the Issuer, dated October 15, 1997, in the principal amount of $1,081,000, designated "Sewer Revenue Bond, Series 1997 A (West Virginia Infrastructure Fund)," numbered AR-1, is registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 15th day of October, 1997.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

09/10/97
670150/96001

133006.

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 15th day of October, 1997, 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 $1,081,000 Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Resolution adopted October 8, 1997, and a Supplemental Resolution adopted October 8, 1997 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule 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 Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Ohio County Public Service District
Post Office Box 216
Triadelphia, 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 in accordance with the Bond Legislation.

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

James C. Boyd Jr.

Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

Charlotte L. Morgan

Assistant Vice President

09/25/97
670150/96001

EXHIBIT A

[Included in transcript as Document No. 1]

Invoice

ONEVALLEY BANK

OHIO COUNTY PUBLIC SERVICE DISTRICT
ATTN: MR. EDWIN CLIFFORD, GENERAL MANAGER
P O BOX 216
TRIADELPHIA WV 26059

DATE OCTOBER 15, 1997

UNITS	ITEM DESCRIPTION	TOTAL
	OHIO COUNTY PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1997 A (WV INFRASTRUCTURE FUND)	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENICATING AGENT.....	$250.00

SEND REMITTANCE TO: One Valley Bank
One Financial Place - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326
ATTN: CHARLOTTE S MORGAN

DIVISION OF ENVIRONMENTAL PROTECTION
1201 Greenbrier Street
Charleston, WV 25311-1088

CECIL H. UNDERWOOD
GOVERNOR

JOHN E. CAFFREY
DIRECTOR

September 26, 1997

Edwin Clifford, Manager
Ohio County Public Service District
P.O. Box 216
Triadelphia, WV 26059

CERTIFIED RETURN RECEIPT REQUESTED

RE: WV/NPDES Water Pollution Control
Permit No. WV0042129

Dear Mr. Clifford:

This letter serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0042129 issued the 17th day of May 1993.

After review and consideration of the information submitted with Permit Modification Application No. WV0042129-B dated the 22nd day of May 1997 and the associated plans and specifications, the subject permit is hereby modified to include the following:

The acquisition, construction, installation, operation, and maintenance of a wastewater collection system extension consisting of 2,000 linear feet of six (6) inch gravity sewer line, 21,200 linear feet of eight (8) inch gravity sewer line, 126 manholes, 25 cleanouts, nine (9) residential simplex grinder pump stations, one (1) duplex submersible pump lift station, 3,300 linear feet of two (2) inch force main, 1,630 linear feet of four (4) inch force main, and all other necessary appurtenances.

This extension will serve the Village of Valley Grove with'n the Ohio County PSD and convey wastewater to the City of Triadelphia collection system and then to the City of Wheeling wastewater collection and treatment facility for final treatment and discharge.

The wastewater collection system extension shall be constructed in accordance with the plans, specifications and reports approved by the Bureau of Public Health through its issuance of Permit No. 13,297 on the 4th day of June 1997. A further description of these documents is presented as follows:

Specifications and Reports:
Prepared by: Vaughn, Coast, and Vaughn, Inc.
47465 National Road
St. Clairsville, OH 43950

Title: Ohio County Public Service District
Village of Valley Grove
Contract Documents and Specifications for
Contract No. 1 - Wastewater Collection System

Plans:
Prepared by: Vaughn, Coast, and Vaughn, Inc.
47465 National Road
St. Clairsville, OH 43950

Title: Ohio County Public Service District
Valley Grove Wastewater Collection System
Valley Grove, WV

All other terms and conditions of the subject permit shall remain in effect and unchanged.

Sincerely,

OFFICE OF WATER RESOURCES

Barbara S. Taylor
Chief

BST:rb

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

Table of Contents

Subject		Page
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	4
ARTICLE II - AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT		
Section 2.01	Authorization of Construction and Acquisition of the Project	13
ARTICLE III - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	14
Section 3.02	Terms of Bonds	14
Section 3.03	Execution of Bonds	15
Section 3.04	Authentication and Registration	15
Section 3.05	Negotiability, Transfer and Registration	15
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07	Bonds not to be Indebtedness of the Issuer	17
Section 3.08	Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds	17
Section 3.09	Form of Original Bonds	17
FORM OF SERIES 1986 A BOND		18
FORM OF SERIES 1986 B BOND		25

Section 3.10	Sale of Original Bonds; Execution of Loan Agreement with Authority	32

ARTICLE IV - INTERIM CONSTRUCTION FINANCING

Section 4.01	Authorization and General Terms	33
Section 4.02	Terms of and Security for Notes; Trust Indenture	33
Section 4.03	Notes are Special Obligations	33
Section 4.04	Letters of Credit	33

ARTICLE V - SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	35
Section 5.02	Establishment of Funds and Accounts with Commission	35
Section 5.03	System Revenues; Flow of Funds	35

ARTICLE VI - BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	41
Section 6.02	Disbursements from the Bond Construction Trust Fund	41

ARTICLE VII - ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	44
Section 7.02	Bonds and Notes not to be Indebtedness of the Issuer	44
Section 7.03	Bonds Secured by Pledge of Net Revenues	44
Section 7.04	Initial Schedule of Rates and Charges	45
Section 7.05	Sale of the System	45
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	46
Section 7.07	Parity Bonds	47
Section 7.08	Books and Records	49
Section 7.09	Rates	50
Section 7.10	Operating Budget and Audit	51
Section 7.11	No Competing Franchise	52
Section 7.12	Enforcement of Collections	52
Section 7.13	No Free Services	52
Section 7.14	Insurance and Construction Bonds	53
Section 7.15	Mandatory Connections	54
Section 7.16	Completion of Project	54
Section 7.17	Statutory Mortgage Lien	54

ARTICLE VIII - INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01 Investments 56
Section 8.02 Restrictions as to Arbitrage Bonds 56

ARTICLE IX - DEFAULT AND REMEDIES

Section 9.01 Events of Default 57
Section 9.02 Remedies 58
Section 9.03 Appointment of Receiver 58

ARTICLE X - DEFEASANCE

Section 10.01 Defeasance of Series 1986 A Bonds 60
Section 10.02 Defeasance of Series 1986 B Bonds 61
Section 10.03 Defeasance of Notes 62

ARTICLE XI - MISCELLANEOUS

Section 11.01 Amendment or Modification of Bond Legislation 63
Section 11.02 Bond Legislation Constitutes Contract 63
Section 11.03 Severability of Invalid Provisions 63
Section 11.04 Headings, Etc. 63
Section 11.05 Amendments to Maintain Tax Exemption 63
Section 11.06 Conflicting Provisions Repealed 64
Section 11.07 Covenant of Due Procedure, Etc. 64
Section 11.08 Public Notice of Proposed Financing 64
Section 11.09 Effective Date 64

SIGNATURES 65
CERTIFICATION 66
EXHIBIT A 67
EXHIBIT B 68

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

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 .. 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 o. ..sed 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 depc 'ted 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"

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

SUPPLEMENTAL BOND RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B, OF OHIO COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the public service board (the "Governing Body") of OHIO COUNTY PUBLIC SERVICE DISTRICT (the "Issuer") has duly and officially adopted a resolution, effective May 15, 1986 (the "Bond Resolution"), entitled:

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.

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed $300,000, to be issued in two series, the Series 1986 A Bonds to be in an aggregate principal amount of not more than $200,000 (the "Series 1986 A Bonds") and the Series 1986 B Bonds to be in an aggregate principal amount of not more than $100,000 (the "Series 1986 B Bonds"), and has authorized the execution and delivery of a Loan Agreement relating to the Series A Bonds and a Supplemental Loan Agreement relating to the Series B Bonds (sometimes collectively referred to herein as the "Loan Agreement"), both dated April 22, 1986, by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13A (the "Act"); and in the Bond Resolution, it is provided that the maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

(A) The Sewer Revenue Bonds, Series 1986 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $100,320. The Series 1986 A Bonds shall be dated the date of delivery thereof, shall mature October 1, 2025, shall bear interest at the rate of 9.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable

October 1, 1986, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1986 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $49,961. The Series 1986 B Bonds shall be dated the date of delivery thereof, shall mature October 1, 2025, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and upon payment of the redemption premium, if any, provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby ratify its approval and acceptance of the Loan Agreement and the Supplemental Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement dated as of May 16, 1986, by and between the Issuer and Kanawha Valley Bank, N.A., 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, as Paying Agent for the Bonds.

Section 6. Capitalized interest on the Series 1986 A Bonds shall be payable from proceeds of the Series A Bonds in the amount of $ 12,091, which amount shall be sufficient to pay interest on the Series 1986 A Bonds to and including August 1, 1987.

Section 7. The Issuer does hereby appoint The First National Bank & Trust Company of Wheeling, Wheeling, West Virginia, as Depository Bank under the Bond Resolution.

Section 8. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about May 16, 1986, to the Authority pursuant to the Loan Agreement.

Section 9. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 10. This Supplemental Bond Resolution shall be effective immediately following adoption hereof.

Adopted this 15th day of May, 1986.

OHIO COUNTY PUBLIC SERVICE DISTRICT

James C. Boyle Jr.
Chairman

Secretary

05/13/86
OHPSD1-F

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

Table of Contents

Subject			Page
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS			
	Section 1.01	Authority for this Resolution	2
	Section 1.02	Findings	2
	Section 1.03	Bond Legislation Constitutes Contract	5
	Section 1.04	Definitions	5
ARTICLE II - AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT			
	Section 2.01	Authorization of Construction and Acquisition of the Project	19
ARTICLE III - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT			
	Section 3.01	Authorization of Bonds	20
	Section 3.02	Terms of Bonds	20
	Section 3.03	Execution of Bonds	21
	Section 3.04	Authentication and Registration	21
	Section 3.05	Negotiability, Transfer and Registration	22
	Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	22
	Section 3.07	Bonds not to be Indebtedness of the Issuer	23
	Section 3.08	Bonds Secured by Pledge of Net Revenues; Respective Lien Positions	23
	Section 3.09	Form of Original Bonds	23
	FORM OF SERIES 1988 A BOND		24
	FORM OF SERIES 1988 B BOND		31
	FORM OF SERIES 1988 C BOND		38
	FORM OF SERIES 1988 D BOND		45

Subject		Page
Section 3.10	Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority	53
Section 3.11	"Amended Schedule A" Filing; Tender of Series 1988 B and Series 1988 D Bonds	53
ARTICLE IV - BAN AND INTERIM CONSTRUCTION FINANCING		
Section 4.01	Authorization and General Terms	54
Section 4.02	Terms of and Security for Notes; Trust Indenture	54
Section 4.03	Notes are Special Obligations	54
Section 4.04	Letters of Credit	54
Section 4.05	Issuance of BAN	55
Section 4.06	Form of BAN	55
FORM OF BAN		56
ARTICLE V - FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF		
Section 5.01	Establishment of Funds and Accounts with Depository Bank	63
Section 5.02	Establishment of Funds and Accounts with Commission	63
Section 5.03	System Revenues; Flow of Funds	64
ARTICLE VI - DISPOSITION OF BOND AND BAN PROCEEDS; CONSTRUCTION DISBURSEMENTS		
Section 6.01	Application of Series A and Series B Bond Proceeds; Pledge of Unexpended Bond Proceeds	71
Section 6.02	Application of BAN Proceeds; Pledge of Unexpended BAN Proceeds	71
Section 6.03	Application of Series 1988 C and Series 1988 D Bonds Proceeds; Pledge of Unexpended Bond Proceeds	72
Section 6.04	Disbursements From the Bond Construction Trust Fund	72
ARTICLE VII - ADDITIONAL COVENANTS OF THE ISSUER		
Section 7.01	General Covenants of the Issuer	74
Section 7.02	Bonds, BAN and Notes not to be Indebtedness of the Issuer	74
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to each Series of Bonds	74
Section 7.04	Initial Schedule of Rates and Charges	75
Section 7.05	Sale of the System	75

Subject		Page
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	76
Section 7.07	Parity Bonds	77
Section 7.08	Books and Records	79
Section 7.09	Rates	81
Section 7.10	Operating Budget and Audit	81
Section 7.11	No Competing Franchise	82
Section 7.12	Enforcement of Collections	82
Section 7.13	No Free Services	83
Section 7.14	Insurance and Construction Bonds	83
Section 7.15	Mandatory Connections	84
Section 7.16	Completion of Project	85
Section 7.17	Tax Covenants	85
Section 7.18	Statutory Mortgage Lien	86
ARTICLE VIII - INVESTMENT OF FUNDS; NON ARBITRAGE		
Section 8.01	Investments	87
Section 8.02	Arbitrage	88
Section 8.03	Rebate of Excess Investment Earnings to the United States	88
ARTICLE IX - DEFAULT AND REMEDIES		
Section 9.01	Events of Default	92
Section 9.02	Remedies	93
Section 9.03	Appointment of Receiver	93
ARTICLE X - DEFEASANCE		
Section 10.01	Defeasance of Series 1988 A and Series 1988 C Bonds	96
Section 10.02	Defeasance of Series 1988 B and Series 1988 D Bonds	97
Section 10.03	Defeasance of BAN	98
Section 10.04	Defeasance of Notes	98
ARTICLE XI - MISCELLANEOUS		
Section 11.01	Amendment or Modification of Bond Legislation	99
Section 11.02	Bond Legislation Constitutes Contract	99
Section 11.03	Severability of Invalid Provisions	99
Section 11.04	Headings, Etc.	99
Section 11.05	Conflicting Provisions Repealed	100
Section 11.06	Covenant of Due Procedure, Etc.	100

Subject		Page
Section 11.07	Public Notice of Proposed Financing	100
Section 11.08	Effective Date	101
	SIGNATURES	101
	CERTIFICATION	102
	EXHIBIT A	103

09/29/88
OCPII2-B

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

OHIO COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1989 A and Series 1989 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION REDESIGNATING THE SEWER REVENUE BONDS, SERIES 1988 C AND SERIES 1988 D AS SERIES 1989 A AND SERIES 1989 B, RESPECTIVELY; PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1989 A AND SERIES 1989 B, OF OHIO COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING LOAN AGREEMENTS AND SUPPLEMENTAL LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the public service board (the "Governing Body") of 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" or the "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 Series 1988 C Bonds and the Series 1988 D Bonds are hereby redesignated as the Series 1989 A Bonds and the Series 1989 B Bonds to reflect the calendar year of issuance and to minimize confusion relating to the several series of Bonds Outstanding; all references to "Series 1988 C" in the Resolution are amended by inserting "Series 1989 A" each place they appear; and all references to "Series 1988 D" in the Resolution are amended by inserting "Series 1989 B" each place they appear;

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, of which the Series 1988 A Bonds in the principal amount of $694,925 and the Series 1988 B Bonds in the principal amount of $173,731 have heretofore been issued and which Series 1989 A Bonds to be in an aggregate principal amount of not more than $2,000,000 (the "Series 1989 A Bonds"), and Series 1989 B Bonds to be in an aggregate principal amount of not more than $1,000,000 (the "Series 1989 B Bonds") have been authorized, and has authorized the execution and delivery of a loan agreement relating to the Series 1989 A Bonds dated March 29, 1989, and a supplemental loan agreement relating to the Series 1989 B Bonds, also dated March 29, 1989 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A 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 should be established by a supplemental resolution pertaining to the

Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Series 1989 A and Series 1989 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement;

WHEREAS, the Issuer wishes to authorize the issuance and delivery of the Series 1989 A Bonds and the Series 1989 B Bonds 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 1989 A and Series 1989 B Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 1989 A and Series 1989 B Bonds 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 1989 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,013,841. The Series 1989 A Bonds shall be dated the date of delivery thereof, shall finally mature April 1, 2029, shall bear interest at the rate of 8.4% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 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 1989 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 1989 A Bonds and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1989 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $150,288. The Series 1989 B Bonds shall be dated the date of delivery thereof, shall finally mature April 1, 2029, 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 1989 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 1989 B Bonds and to the Supplemental Loan Agreement and incorporated therein by reference.

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

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. All proceeds of the Series 1989 A Bonds and Series 1989 B Bonds shall be applied to payment of the principal of the BAN. Upon such payment, BAN proceeds in the amount of $44,382.42 previously deposited in the BAN Sinking Fund, as capitalized interest, shall be applied to interest accrued on the BAN, and the balance remaining in such fund shall be transferred by the Bond Commission to the Series 1989 A Bonds Sinking Fund, as capitalized interest on the Series 1989 A Bonds.

Section 8. Upon payment of the BAN and all interest accrued thereon, all moneys in the BAN Reserve Account shall be transferred as follows:

(a) To the Series 1989 A Bonds Reserve Account, the sum of $89,000;

(b) To the Series 1989 B Bonds Reserve Account, the sum of $3,860;

(c) To the Bond Construction Trust Fund, the Balance of moneys remaining in the BAN Reserve Account.

Section 9. The Issuer hereby determines to pay, on the date of delivery of the Bonds, and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, all temporary borrowings from West Virginia Water Development Authority.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes Resolution approved and provided for, to the end that the Bonds may be delivered on or about April 3, 1989, to the Authority pursuant to the Loan Agreement.

Section 11. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the Bond Construction Trust Fund under the Investment Agreement dated

February 9, 1999, between Wheeling Dollar Bank and The Old National Bank of Martinsburg 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 so invested until further directed by the Issuer.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. It will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

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

Adopted this 29th day of March, 1989.

OHIO COUNTY PUBLIC SERVICE DISTRICT

James C. Boyd Jr.
Chairman

03/29/89
OCTO1.B3
67015/89002

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive
Charleston WV 25311-1571

Telephone (304) 558-3612
Telecopier (304) 558-0299

October 15, 1997

Ohio County Public Service District
Sewer Revenue Bonds, Series 1997 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant that Ohio County Public Service District (the "Issuer") has met the coverage requirements for issuance of parity bonds, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1986 A Bonds, the Series 1986 B Bonds, the Series 1988 A Bonds, the Series 1988 B Bonds, the Series 1989 A Bonds and the Series 1989 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 1997 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of $1,081,000 (the "Bonds"), by the Issuer, under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Sewer Revenue Bonds, Series 1986 A (the "Series 1986 A Bonds"), Sewer Revenue Bonds, Series 1988 A (the "Series 1988 A Bonds"), and Sewer Revenue Bonds, Series 1989 A (the "Series 1989 A Bonds"), and senior and prior, with respect to liens, pledge and source of and security for payment, to the Issuer's Sewer Revenue Bonds, Series 1986 B (the "Series 1986 B Bonds"), Sewer Revenue Bonds, Series 1988 B (the "Series 1988 B Bonds"), and Sewer Revenue Bonds, Series 1989 B (the "Series 1989 B Bonds").

Barbara B Meadows
Authorized Representative

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

April 11, 1996

The Honorable William H. Zink
Mayor
Village of Valley Grove
Post Office Box 5097
Valley Grove, West Virginia 26060

Dear Mayor Zink:

Thank you for your application to the Small Cities Block Grant program for fiscal year 1995.

I am pleased to approve your request in the amount of $1,250,000. These funds will enable you to provide sewer service to the village.

In order to most effectively use the limited dollars available, I hereby commit $500,000 from our fiscal year 1995 allocation which will be immediately available to you. The remaining $750,000 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind. The West Virginia Development Office, Community Development Division staff, will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this project a reality.

Sincerely,

Gaston Caperton

Gaston Caperton
Governor

GC:dlb

(August 1996)

GRANT AGREEMENT

This Grant Agreement entered into between the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Ohio County Public Service District (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $148,000 (the "Grant") for the purpose of the acquisition and construction/design/planning of a project for which a preliminary application has been submitted and approved by the Council;

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

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

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

TERMS

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

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

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

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

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

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

7. The Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Grant held in "contingency" as set forth in the final Schedule B. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Grant available due to bid/construction/project underruns.

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

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

OHIO COUNTY PUBLIC SERVICE DISTRICT

By: James C. Boyd Jr.
Its: Chairman

Date: 10/15/97

SEAL

ATTEST

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Director

Date: October 15, 1997

SEAL

ATTEST

Barbara B Meadows
Secretary - Treasurer

EXHIBIT A

The project consists of construction of approximately 23,000 feet of 8" and 6" gravity sewers, 2700 feet of 4" and 6" service line, 150 manholes and cleanouts, 1500 feet of 4" force main, 3300 feet of 2" pressure sewer, a 100 gpm sewage lift station, 9 residential grinder pump stations, and related appurtenances which will provide sewer service to the Village of Valley Grove. The total project cost is $2,479,000.