PAGE-KINCAID PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

BOND TRANSCRIPT

Closing Date: June 13, 2013

Johnson Branch/North Page

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Johnson Branch/North Page

PAGE-KINCAID PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

BOND RESOLUTION

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PAGE-KINCAID PUBLIC SERVICE DISTRICT
RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM OF PAGE-KINCAID PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PAGE-KINCAID PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution 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. The Page-Kincaid Public Service District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Fayette County of said State, duly created pursuant to the Act by The County Commission of Fayette County.

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

A. The Issuer currently owns and operates a public sewerage system and desires to finance and acquire, construct, operate and maintain certain additional public service

properties consisting of additions, improvements and extensions to such existing sewerage facilities consisting of extension of sewer service to the Johnson Branch and North Page areas of Fayette County with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing sewerage facilities of the Issuer, consisting of construction of wastewater facilities to extend public sewer service to the Johnson Branch and North Page areas of the District at Kincaid, Fayette County (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (hereinafter defined) and all funds and accounts and other payments provided for herein and in the Prior Resolutions.

D. The estimated maximum cost of the acquisition and construction of the Project is $2,480,000 of which $300,000 will be obtained from the proceeds of sale of the Series 2013 A Bonds, herein authorized; $1,580,000 as a grant from the Purchaser; and $600,000 from a West Virginia Infrastructure and Jobs Development Council grant.

E. It is necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture), in the aggregate principal amount of $300,000 (the "Series 2013 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2013 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents 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 Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2013 A Bonds as to liens, pledge and source of and security for payment being the Issuer's: (i) Sewer Revenue Bonds, Series 1988 (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $112,000 (the "Series 1988 A Bonds"); (ii) Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated June 16, 1993, issued in the original aggregate principal amount of $120,000 (the "Series 1993 Bonds"); (iii) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 11, 2009, issued in the original aggregate principal amount of $550,000 (the "Series 2009 A Bonds"); and (iv) Sewer Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), dated June 11, 2009, issued in the original aggregate principal amount of $470,000 (the "Series 2009 B Bonds"), (collectively, the "First Lien Bonds").

There is an outstanding obligation of the Issuer which will rank junior and subordinate to the Series 2013 A Bonds as to liens, pledge and source of security for payment, being the Issuer's Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $28,000 (the "Series 1988 B Bonds"), (collectively with the First Lien Bonds, the "Prior Bonds").

The Series 2013 A Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2013 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2013 A Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Series 1998 B Bonds to the issuance of the Series 2013 A Bonds senior to the Series 1998 B Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2013 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated June 2, 2005, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of 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 Series 2013 A Bonds, or will have so complied prior to issuance of the Series 2013 A Bonds, including, among other things and without limitation, obtaining a certificate of public

convenience and necessity and approval of the 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 or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2013 A Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2013 A Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

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

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

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Bonds" means, collectively, the Series 2013 A Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

"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 Engineer" means Pentree, Inc., Princeton, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02 (D) hereof.

"Depository Bank" means Branch Banking & Trust Company, Oak Hill, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

"First Lien Bonds" means the Series 1988 A Bonds, Series 1993 Bonds, Series 2009 A Bonds and Series 2009 B Bonds.

"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.

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

"Grants" means, collectively, all grants committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Page-Kincaid Public Service District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Fayette County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 2, 2005, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2013 A Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Series 1988 A Bonds, Series 1988 B Bonds, Series 1993 Bonds, Series 2009 A Bonds, and Series 2009 B Bonds.

"Prior Resolution" means, collectively, the resolutions of the Issuer, respectively, adopted authorizing the issuance of the Prior Bonds.

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

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(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 (hereinbefore defined) 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 Board of Treasury Investments to Chapter 12, Article 6C 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 or Standard & Poor's Corporation.

"Registered Owners," "Bondholders," "Holders of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"Resolutions" means, collectively, the Prior Resolutions and the Bond Legislation.

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

"RUS Bonds" means, collectively, the Series 1993 Bonds and the Series 2009 A Bonds.

"Secretary" means the Secretary of the Governing Body.

"Series 1988 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1988 A (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $112,000.

"Series 1988 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $28,000.

"Series 1993 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated June 16, 1993, issued in the original aggregate principal amount of $120,000.

"Series 2009 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 11, 2009, issued in the original aggregate principal amount of $550,000.

"Series 2009 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), dated June 11, 2009, issued in the original aggregate principal amount of $470,000.

"Series 2013 A Bonds" means the Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

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

"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.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND

CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Payment 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 $2,480,000, 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 estimated maximum cost of the acquisition and construction of the Project is $2,480,000 of which $300,000 will be obtained from the proceeds of sale of the Series 2013 A Bonds, herein authorized; $1,580,000 as a grant from the Purchaser; and $600,000 from a West Virginia Infrastructure and Jobs Development Council grant.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2013 A Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2013 A" (United States Department of Agriculture), are hereby authorized to be issued in the aggregate principal amount of $300,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2013 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2013 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 3.5% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $1,191, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond.

The Series 2013 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2013 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the

Series 2013 A Bonds, and the right to principal of and stated interest on the Series 2013 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2013 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2013 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2013 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2013 A Bonds.

Section 3.04 Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2013 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2013 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2013 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2013 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2013 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2013 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2013 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2013 A Bonds shall cease to be such officer of the Issuer before the Series 2013 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. The Series 2013 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2013 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2013 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2013 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2013 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 First Lien Bonds, and senior and prior to the Series 1988 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2013 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 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2013 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF BOND)

UNITED STATES OF AMERICA
PAGE-KINCAID PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$_____

No. AR-1 Date: _____

FOR VALUE RECEIVED, PAGE-KINCAID PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ ($_____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted _____, 2013, authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S:

(1) SEWER REVENUE BONDS, SERIES 1988 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $112,000 (THE "SERIES 1988 A BONDS");

(2) SEWER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 16, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $120,000 (THE "SERIES 1993 BONDS");

(3) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 11, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 2009 A BONDS"); AND

(4) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 11, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $470,000 (THE "SERIES 2009 B BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S SEWER REVENUE BOND, SERIES 1988 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $28,000 (THE "SERIES 1988 B BONDS") (COLLECTIVELY WITH THE FIRST LIEN BONDS, THE "PRIOR BONDS").

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

IN WITNESS WHEREOF, PAGE-KINCAID PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PAGE-KINCAID PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____

Chairman, Public Service Board

ATTEST:

_____

Secretary, Public Service Board

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 $_____

(Form of Assignment)

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: _____, 20___.

_____

In the presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01 A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued is previously established by Prior Resolution) with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

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

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

(3) Series 1993 Reserve Account (established by Prior Resolution); and

(4) Series 2013 A Bonds Project Construction Account.

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are created (or continued is previously established by Prior Resolution) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and from each other:

(1) Series 1988 A Bonds Sinking Fund (established by Prior Resolution);

(2) Series 1988 A Bonds Reserve Account (established by Prior Resolution);

(3) Series 1988 B Bonds Sinking Fund (established by Prior Resolution);

(4) Series 1988 B Bonds Reserve Account (established by Prior Resolution);

(5) Series 2009 A Bonds Reserve Account (established by Prior Resolution);

(6) Series 2009 B Bonds Sinking Fund (established by Prior Resolution);

(7) Series 2009 B Bonds Reserve Account (established by Prior Resolution); and

(8) Series 2013 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2013 A Bonds shall be deposited upon receipt by the Issuer in the Series 2013 A Bonds Project Construction Account. The monies in the Series 2013 A Bonds Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2013 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2013 A Bonds Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2013 A Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2013 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Series 2013 A Bonds Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2013 A Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2013 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2013 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2013 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2013 A Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Resolutions not otherwise modified herein:

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

(2) The Issuer shall next, each month, on or before the due date thereof, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amount required by the Prior Resolutions to pay the interest on the RUS Bonds; (ii) to the Commission the amounts required by the Prior Resolutions to pay interest on the Series 1988 A Bonds; and (iii) to the National Finance Office the amount required to pay interest on the Series 2013 A Bonds.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously, (i) on or before the due date thereof, remit to the National Finance Office the amount required by the Prior Resolutions to pay the principal of the RUS Bonds; (ii) to the Commission the amount required by Prior Resolutions to pay the principal of the Series 1988 A Bonds and the Series 2009 B Bonds; and (iii) on or before the due date thereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2013 A Bonds, the amount required to amortize the principal of the Series 2013 A Bonds over the life of the bond issue.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 1988 A Bonds, the Series 2009 A Bonds and the Series 2009 B Bonds; (ii) the Depository Bank the amounts required by the Prior Resolutions to be deposited in the Reserve Account for the Series 1993 Bonds; and (iii) beginning on the date specified by the purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission, for deposit in the Series 2013 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2013 A Bonds Reserve Account equals the Minimum Reserve Requirement; provided that, no further payments shall be made into the Series 2013 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 Minimum Reserve Requirement.

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

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the principal payments on the Series 1988 B Bonds as required by the Prior Resolutions.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by the Prior Resolutions to be deposited in the Reserve Account for the Series 1988 B Bonds.

Whenever the money in the Series 2013 A Bonds Reserve Account shall be sufficient to prepay the Series 2013 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2013 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2013 A Bonds Reserve Account. All amounts required for the Series 2013 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2013 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2013 A Bonds Reserve Account shall constitute a trust fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2013 A Bonds and the interest thereon.

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

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 Series 2013 A Bonds and the First Lien Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission shall keep the monies in the Series 2013 A Bonds Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2013 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2013 A Bonds, provide evidence that there will be 713 bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank and the Commission such additional sums as shall be necessary to pay the charges and fees of the Depository Bank or the Commission then due.

F. INVESTMENT OF EXCESS BALANCES. The monies in excess of the sum insured by FDIC in any of such funds or 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 of West Virginia.

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2013 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2013 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2013 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2013 A Bonds.

Section 5.02. Rates. Prior to the issuance of the Series 2013 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2013 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds, including the Prior Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2013 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 2013 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds, including the Prior Bonds. In any event,

subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 6.01 hereof.

Section 5.03. 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. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2013 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. 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. No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser. No Parity Bonds shall be issued after issuance of the Series 2013 A Bonds unless the provisions contained in the Prior Resolution respecting issuance of Parity Bonds have been satisfied.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2013 A Bonds.

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

So long as the Series 2013 A Bonds and the RUS Bonds are Outstanding, 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 for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds 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 foregoing limitation may be waived or modified by the written consent of the Holders of the RUS Bonds, representing 75% of the then-outstanding principal indebtedness.

So long as the Series 1988 A Bonds, Series 1988 B Bonds and Series 2009 B Bonds are outstanding, no Parity Bonds shall be issued at any time, 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 expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2013 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 2013 A Bonds.

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

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2013 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2013 A Bonds.

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

vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2013 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2013 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 the delivery of the Series 2013 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior and prior to the Series 1988 B Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 2013 A Bonds at the date specified for payment thereof;

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2013 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and

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

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct; provided that, all rights and remedies of the Series 2013 A Bonds shall be on a parity with the First Lien Bonds shall be on a parity with the Series 2013 A Bonds and senior to the Series 1988 B Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2013 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%;

and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2013 A Bonds are outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Recommended Decision entered on October 11, 2011 which became Final Order of the Public Service Commission of West Virginia on October 31, 2011 in Case No. 11-0784-PSD-CN and are incorporated herein by reference as a part hereof.

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

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2013 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 2013 A Bonds, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2013 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2013 A Bonds, the Issuer may not defease the Series 2013 A Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2013 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2013 A Bonds.

Section 7.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47); and 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 or any portion thereof are outstanding.

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Date. This Resolution shall take effect immediately upon its adoption.

[Remainder of Page Intentionally Blank]

Adopted this 11th day of June, 2013.

PAGE-KINCAID PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PAGE-KINCAID PUBLIC SERVICE DISTRICT on the 11th day of June, 2013.

Dated: June 13, 2013.

[SEAL]

Secretary

683950.00002

5768702

IJDC
97S-360B

USDA

United States Department of Agriculture

Rural Development

West Virginia State Office

1550 Earl Core Road
Suite 100
Morgantown, WV
26505

Voice 304.284.4860
Fax 304.284.4892

June 11, 2013

Mr. James Kincaid, Jr., Acting Chairman
Page-Kincaid Public Service District
P.O. Box 165
Kincaid, WV 25119

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. Kincaid:

This letter, with Attachment No. 1 amends the letter of conditions dated June 2, 2005 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RD loan in the amount of $300,000, an initial RD grant in the amount of $1,500,000, a subsequent RD grant in the amount of $80,000, and other funding in the amount of $600,000, for a total project cost of $2,480,000. The other funding is planned in the form of a grant from the West Virginia Infrastructure and Jobs Development Council.

Subject to the requirements noted herein, all of the conditions of the June 2, 2005 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

The conditions referred to above are as follows:

1. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

2. Users – This conditional commitment is based upon you providing evidence that you will have at least 486 bona fide users on the proposed system when it has been completed and is placed in operation. The 81 proposed new users on the system will be required by statute (mandatory hook-up provision) to connect to and utilize the system. The District must provide a written certification that it will enforce the state statute.

3. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

   RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
   Form 1940-1 – "Request for Obligation of Funds"
   Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the District still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,

BOBBY LEWIS
State Director

Enclosures

cc: Page 3.

cc: Stephen Wetherbee, Area Director
ATTN: Teresa Miller, Area Specialist

Rod Lowe, CPA
1156 South Main Street
Milton, WV 25541

Robert D. Hazelwood, P.E.
Pentree, Inc.
P.O. Box 1309
Princeton, WV 24740

Steptoe and Johnson
Attorneys at Law
P.O. Box 1588
Charleston, WV 25326-1588

Phillip Tissue
Attorney at Law
303 Jones Avenue
Oak Hill, WV 25901

West Virginia Infrastructure and Jobs Development Council
1009 Bullitt Street
Charleston, WV 25301

Project Construction Budget

PROJECT COST	WVIJDC GRANT	TOTAL RUS GRANT	TOTAL RUS LOAN	TOTAL
CONSTRUCTION	$ 540,000	$ 1,211,505	$ 64,000	$ 1,815,505
CONST. CONTINGENCY		$ 105,995		$ 105,995
LAND & RIGHTS		$ 35,000		$ 35,000
LEGAL FEES		$ 4,500	$ 18,000	$ 22,500
BOND COUNSEL			$ 10,000	$ 10,000
ACCOUNTING			$ 10,000	$ 10,000
ENGINEERING FEES		$ 169,000	$ 156,000	$ 325,000
Basic - $ 192,000				
Insp. - $ 100,000				
Special - : 33,000				
INTEREST			$ 21,000	$ 21,000
ADMINISTRATIVE	$ 60,000			$ 60,000
PERMITS			$ 21,000	$ 21,000
PROJECT CONTG.		$ 54,000		$ 54,000
TOTAL	**$ 600,000**	**$ 1,580,000**	**$ 300,000**	**$ 2,480,000**

Eng.

USDA Rural Development

United States Department of Agriculture
Rural Development
West Virginia State Office

June 2, 2005

Mr. Kenneth Fox, Chairman
Page-Kincaid Public Service District
P.O. Box 165
Kincaid, WV 25119

Dear Mr. Fox:

This letter, with Attachments 1 through 14 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of $300,000, an RUS grant in the amount of $1,500,000, and other funding in the amount of $3,399,000, for a total project cost of $5,199,000. The other funding is planned in the form of grants from the HUD Small Cities Block Grant Program, U.S. Army COE and/or the Appalachian Regional Commission, and the State of West Virginia.

The loan and grant will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)
Attachment No. 2 - Water and Waste Processing Checklist for Page-Kincaid PSD (All Copies)
Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice and TDD).

Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"
Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)
Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "
Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"
Attachment No. 11 - Labor Standards Provisions (Engineer Copy) (ARC Projects)
Attachment No. 12 - Sample Credit Agreement (Applicant Copy)
Attachment No. 13 – RUS Policy regarding Use of Remaining Funds
Attachment No. 14 - Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.25% interest rate and a monthly amortization factor of .00443, which provides for a monthly payment of $1,329. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

   You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

2. Security - The loan must be secured by a statutory lien of shared first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

3. Users - This conditional commitment is based upon you providing evidence that you will have at least 713 bona fide users on the proposed system when it has been completed and is placed in operation.

This evidence will consist of a signed certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing sewer system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids. The PSD's existing sewerage system must have at least 293 users and Phase I (Ingram's Branch) must have at least 222 users connected to and using the system. The 198 proposed new users on the system will be required by statute (mandatory hook-up provision) to connect to and utilize the system. The PSD must provide a written certification that it will enforce the state statute.

4. Bond Counsel Services - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

6. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.

7. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:

   a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

   b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. The attached booklets, "Government Auditing

Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

8. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

   a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

   b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

   c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

   d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

9. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

10. Public Service Commission Approvals - You must obtain the following from the West Virginia Public Service Commission:

a. A Certificate of Convenience and Necessity.

b. Approval of user charges that are acceptable to you and the Rural Utilities Service.

c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

a. Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 - $200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.

b. Workers' Compensation - In accordance with appropriate State laws.

c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to the largest monthly estimated construction invoice. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

(1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.

(2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

(1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

(2) "RUS Supplemental General Conditions."

(3) (Only for projects with ARC funds involved) "Labor Standards Provisions" - Title 29, Subtitle A, Part 5, Section 5.5, Contract Provisions and Related Matters. One copy of this item is attached hereto (Attachment No. 11). Additional copies must be reproduced by the engineer.

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance - Personal Liability - $500,000; Property Damage - $200,000 - $200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation - In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No.12).

14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your PSD, over 30 day periods. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

Public Bodies – Interest earned on grant funds in excess of $100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

The PSD will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of $100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

15. Other Project Funds - Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.

16. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

    Form RD 1940-1 - "Request for Obligation of Funds"
    RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
    RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"
    Form RD 400-1 - "Equal Opportunity Agreement"
    Form RD 400-4 - "Assurance Agreement"
    Form AD 1047 - "Certification Regarding Debarment - Primary"
    Form AD 1049 - "Certification Regarding Drug-Free Workplace"
    Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"
    FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
    Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
    Certification of Compliance
    Form RD 1942-46, "Letter of Intent to Meet Conditions"

17. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the

USDA - Rural Development State Office with a request for loan closing instructions to be issued.

18. Upon receipt of the loan [and grant] docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

    The "RUS Policy Regarding Use of Remaining Funds" is attached for your information and use (Attachment No. 13). This policy should be adhered to when addressing the use of bid underrun funds, as well as any funds remaining after project construction is complete.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds and would be applied as an extra payment toward the loan balance.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,

Richard E. Sattfield

ROBERT M. STEPTOE, III
State Director

Enclosures

cc: Rural Development Specialist
Beckley, WV

Ralph Bassett, CPA
1156 S. Main Street
Milton, WV 25541

Phillip Tissue, Attorney at Law
303 Jones Avenue
Oak Hill, WV 25901

Robert Hazelwood, P.E.
Pentree, Inc.
P.O. Box 1309
Princeton, WV 24740

Attachment No. 1 to Letter of Conditions
For: Page-Kincaid PSD
Date: June 2, 2005

Project Construction Budget

PROJECT COST	SCBG	IJDC GRANT	OTHER GRANT*	RUS GRANT	RUS LOAN	TOTAL
CONSTRUCTION	$ 1,500,000	$ 800,000	$ 1,099,000	$ 491,500	$ 89,500	$ 3,980,000
CONST. CONTINGENCY				$ 269,900	$ 49,100	$ 319,000
LAND & RIGHTS				$ 34,900	$ 6,300	$ 41,200
LEGAL FEES				$ 33,700	$ 6,100	$ 39,800
BOND COUNSEL				$ 8,500	$ 1,500	$ 10,000
ACCOUNTING				$ 4,200	$ 800	$ 5,000
ENGINEERING FEES				$ 589,200	$ 107,300	$ 696,500
Basic - $417,900						
Insp. - $238,800						
Special - $39,800						
INTEREST					$ 27,000	$ 27,000
PROJECT CONTG.				$ 68,100	$ 12,400	$ 80,500
TOTAL	**$ 1,500,000**	**$ 800,000**	**$ 1,099,000**	**$ 1,500,000**	**$ 300,000**	**$ 5,199,000**

*Corps of Engineers grant and/or ARC grant

Rates

Available for general domestic, commercial, and industrial service.

First	3,000	gallons @	$ 8.71	per M gallons
Next	3,000	gallons @	$ 5.18	per M gallons
Next	4,000	gallons @	$ 5.12	per M gallons
Next	10,000	gallons @	$ 4.97	per M gallons
Over	20,000	gallons @	$ 4.68	per M gallons

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" x 3/4"	meter	$ 26.13	per month
3/4"	meter	$ 39.20	per month
1"	meter	$ 65.33	per month
1 1/2"	meter	$ 130.65	per month
2"	meter	$ 209.04	per month
3"	meter	$ 391.95	per month
4"	meter	$ 653.25	per month
6"	meter	$ 1,306.50	per month
8"	meter	$ 2,090.40	per month

Minimum Monthly Bill $26.13 for 3,000 gallons

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - $100.00

After the start of construction, there shall be a charge of $200.00 for connection to the system.

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

Attachment No. 1 to Letter of Conditions
For: Page-Kincaid PSD Phase II
Date: June 2, 2005

PAGE-KINCAID PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
EXISTING SYSTEM PER 2002 BOOKS

Blocking	Cust.	Mgals Sold	Minimum Bills	First 3,000	Next 3,000	Next 4,000	Next 10,000	Over 20,000	TOTAL REVENUE
0 - 3,000	1,680	2,731.0	1,680						
3,001 - 6,000	1,405	4,844.6		4,215.0	629.6				
6,001 - 10,000	352	2,112.0		1,056.0	1,056.0	0.00			
10,001 - 20,000	69	690.0		207.0	207.0	276.0	0.0		
Over 20,000	10	237.6		30.0	30.0	40.0	100.0	37.6	
TOTALS	3,516	10,615.2	1,680	5,508	1,922.6	316	100	37.6	
Monthly Total	293	884.60							
Current User Rates			$ 20.73	$ 6.91	$ 3.38	$ 3.32	$ 3.17	$ 2.88	
Rate Increase									
Proposed User Rates			$ 20.73	$ 6.91	$ 3.38	$ 3.32	$ 3.17	$ 2.88	
Current Revenue			$ 34,826.40	$ 38,060.28	$ 6,498.39	$ 1,049.12	$ 317.00	$ 108.29	

Revenue per Analysis	$ 80,859.48
Correction Factor	$ 0.9805051
ANNUAL REVENUE	**$ 79,283.13**

PAGE-KINCAID PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
EXISTING USERS DURING PHASE I

Blocking	Cust.	Mgals Sold	Minimum Bills	First 3,000	Next 3,000	Next 4,000	Next 10,000	Over 20,000	TOTAL REVENUE
0 - 3,000	1,680	2,731.0	1,680						
3,001 - 6,000	1,405	4,844.6		4,215.0	629.6				
6,001 - 10,000	352	2,112.0		1,056.0	1,056.0	0.00			
10,001 - 20,000	69	690.0		207.0	207.0	276.0	0.0		
Over 20,000	10	237.6		30.0	30.0	40.0	100.0	37.6	
TOTALS	3,516	10,615.2	1,680	5,508	1,922.6	316	100	37.6	
Monthly Total	293	884.60							
Current User Rates			$ 20.73	$ 6.91	$ 3.38	$ 3.32	$ 3.17	$ 2.88	
Rate Increase			$ 4.50	$ 1.50	$ 1.50	$ 1.50	$ 1.50	$ 1.50	
Proposed User Rates			$ 25.23	$ 8.41	$ 4.88	$ 4.82	$ 4.67	$ 4.38	
Current Revenue			$ 42,386.40	$ 46,322.28	$ 9,382.29	$ 1,523.12	$ 467.00	$ 164.69	

Revenue per Analysis	$ 100,245.78
Correction Factor	$ 0.9805051
ANNUAL REVENUE	**$ 98,291.49**

PAGE-KINCAID PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
PHASE I USERS (INGRAMS BRANCH)

Blocking	Cust.	Mgals Sold	Minimum Bills	First 3,000	Next 3,000	Next 4,000	Next 10,000	Over 20,000	TOTAL REVENUE
0 - 3,000	1,308	2,126.3	1,308						
3,001 - 6,000	1,092	3,765.3		3,276.0	489.3				
6,001 - 10,000	264	1,584.0		792.0	792.0	0			
10,001 - 20,000	0	0		0	0	0	0		
Over 20,000	0	0		0	0	0	0	0	
TOTALS	2,664	7,475.6	1,308	4,068	1,281.3	0	0	0	
Monthly Total	222	622.97							
Current User Rates			$ 20.73	$ 6.91	$ 3.38	$ 3.32	$ 3.17	$ 2.88	
Rate Increase			$ 4.50	$ 1.50	$ 1.50	$ 1.50	$ 1.50	$ 1.50	
Proposed User Rates			$ 25.23	$ 8.41	$ 4.88	$ 4.82	$ 4.67	$ 4.38	
Current Revenue			$ 33,000.84	$34,211.88	$6,252.74	$ -	$ -	$ -	
			$ 50.46	$ 16.82	$ 9.76	$ 9.64	$ 9.34	$ 8.76	

Revenue per Analysis	$ 73,465.46
Correction Factor	$ 0.9805051
ANNUAL REVENUE	**$ 72,033.26**

PAGE-KINCAID PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
EXISTING USERS DURING PHASE II

Blocking	Cust.	Mgals Sold	Minimum Bills	First 3,000	Next 3,000	Next 4,000	Next 10,000	Over 20,000	TOTAL REVENUE
0 - 3,000	1,680	2,731.0	1,680						
3,001 - 6,000	1,405	4,844.6		4,215.0	629.6				
6,001 - 10,000	352	2,112.0		1,056.0	1,056.0	0.00			
10,001 - 20,000	69	690.0		207.0	207.0	276.0	-1.6		
Over 20,000	10	237.6		30.0	30.0	40.0	100.0	37.6	
TOTALS	3,516	10,615.2	1,680	5,508	1,922.6	316	98	37.6	
Monthly Total	293	884.60							
Current User Rates			$ 20.73	$ 6.91	$ 3.38	$ 3.32	$ 3.17	$ 2.88	
Rate Increase			$ 5.40	$ 1.80	$ 1.80	$ 1.80	$ 1.80	$ 1.80	
Proposed User Rates			$ 26.13	$ 8.71	$ 5.18	$ 5.12	$ 4.97	$ 4.68	
Current Revenue			$ 43,898.40	$47,974.68	$9,959.07	$1,617.92	$ 489.05	$ 175.97	

Revenue per Analysis	$ 104,115.08
Correction Factor	$ 0.9805051
ANNUAL REVENUE	**$ 102,085.37**

PAGE-KINCAID PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
PHASE I USERS DURING PHASE II

Blocking	Cust.	Mgals Sold	Minimum Bills	First 3,000	Next 3,000	Next 4,000	Next 10,000	Over 20,000	TOTAL REVENUE
0 - 3,000	1,308	2,126.3	1,308						
3,001 - 6,000	1,092	3,765.3		3,276.0	489.3				
6,001 - 10,000	264	1,584.0		792.0	792.0	0			
10,001 - 20,000	0	0		0	0	0	0		
Over 20,000	0	0		0	0	0	0	0	
TOTALS	2,664	7,475.6	1,308	4,068	1,281.3	0	0	0	
Monthly Total	222	622.97							
Current User Rates			$ 20.73	$ 6.91	$ 3.38	$ 3.32	$ 3.17	$ 2.88	
Rate Increase			$ 5.40	$ 1.80	$ 1.80	$ 1.80	$ 1.80	$ 1.80	
Proposed User Rates			$ 26.13	$ 8.71	$ 5.18	$ 5.12	$ 4.97	$ 4.68	
Current Revenue			$ 34,178.04	$35,432.28	$ 6,637.13	$ -	$ -	$ -	

Revenue per Analysis	$ 76,247.45
Correction Factor	$0.9805051
ANNUAL REVENUE	**$ 74,761.02**

PAGE-KINCAID PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
PHASE II USERS

Blocking	Cust.	Mgals Sold	Minimum Bills	First 3,000	Next 3,000	Next 4,000	Next 10,000	Over 20,000	TOTAL REVENUE
0 - 3,000	1,164	1,892.0	1,164						
3,001 - 6,000	972	3,351.6		2,916.0	435.6				
6,001 - 10,000	240	1,440.0		720.0	720.0	0			
10,001 - 20,000	0	0		0	0	0	0		
Over 20,000	0	0		0	0	0	0	0	
TOTALS	2,376	6,683.6	1,164	3,636	1,155.6	0	0	0.0	
Monthly Total	198	556.97							
Current User Rates			$ 20.73	$ 6.91	$ 3.38	$ 3.32	$ 3.17	$ 2.88	
Rate Increase			$ 5.40	$ 1.80	$ 1.80	$ 1.80	$ 1.80	$ 1.80	
Proposed User Rates			$ 26.13	$ 8.71	$ 5.18	$ 5.12	$ 4.97	$ 4.68	
Current Revenue			$30,415.32	$ 31,669.56	$ 5,986.01	$ -	$ -	$ -	

Revenue per Analysis	$ 68,070.89
Correction Factor	$ 0.9805051
ANNUAL REVENUE	**$ 66,743.85**

PAGE-KINCAID PSD PHASE II

OPERATING BUDGET

OPERATING INCOME		
Metered Sales		
Existing Users	$ 102,085	
Phase I Users	$ 74,761	
Phase II Users	$ 66,744	
Penalties	$ 2,161	
TOTAL OPERATING INCOME		$ 245,751
NON OPERATING INCOME		
Interest Income	$ 612	
TOTAL NON OPERATING INCOME		$ 612
TOTAL INCOME		$ 246,363
EXPENSES		
O & M	$ 152,934	
Taxes	$ 4,384	
Plant Additions	$ 12,318	
TOTAL EXPENSES		$ 169,636
INCOME AVAILABLE FOR D/S (A)		$ 76,727
DEBT SERVICE		
Existing Bond P & I (B)	$ 18,252	
Proposed Bond Phase I (B)	$ 30,300	
Proposed Bond Phase II (B)	$ 15,948	
TOTAL DEBT SERVICE		$ 64,500
DEBT SERVICE RESERVE		
WDA	Fully Funded	
WDA R & R	$ 6,159	
RUS Reserve*	$ 4,626	
TOTAL DEBT SERVICE RESERVE		$ 10,785
SURPLUS (DEFICIT)		$ 1,442
DEBT COVERAGE (A/B)		$ 1.19

FILE

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

CASE NO.: 11-0784-PSD-CN

PAGE-KINCAID PUBLIC SERVICE DISTRICT

02:24 PM MAY 24 2013 PSC EXEC SECTION

STATE OF WEST VIRGINIA
COUNTY OF CABELL, TO-WIT:

AFFIDAVIT

We have reviewed the Recommended Decision of the Public Service Commission of West Virginia in Case No. 11-0784-PSD-CN entered October 11, 2011 approving the financing consisting of a (i) a $1,500,000 United States Department of Agriculture Rural Utilities Service grant; (ii) a $600,000 West Virginia Infrastructure & Jobs Development Council grant; and (iii) a $300,000 RUS Loan.

Based upon all the information that has been provided, to date, we are of the opinion that the rates and charges are not affected by the revised funding consisting of (i) a $1,580,000 United States Department of Agriculture Rural Utilities Service grant; (ii) a $600,000 West Virginia Infrastructure & Jobs Development Council grant; and (iii) a $300,000 RUS Loan.

This Affidavit is executed on the 23rd day of May, 2013.

Bassett J Lowe

Bassett & Lowe

Taken, subscribed and sworn to before me this 23 day of May, 2013.

My commission expires 3/3/2023.

Patricia McDonie

Notary Public

[SEAL]

Official Seal
Notary Public, State Of West Virginia
Patricia McDonie
Route 1 Box 411
Milton WV 25541
My commission expires March 3, 2023

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: October 11, 2011

FINAL

10/31/2011

CASE NO. 11-0784-PSD-CN

PAGE-KINCAID PUBLIC SERVICE DISTRICT,
a public utility, Kincaid, Fayette County.

Application for a certificate of convenience and necessity to construct wastewater facilities to extend public sewer to the Johnson Branch and North Page areas of the District at Kincaid, Fayette County.

RECOMMENDED DECISION

On June 3, 2011, the Page-Kincaid Public Service District (District), a public sewer utility, filed an application with the Public Service Commission of West Virginia under *West Virginia Code* (*Code*) §24-2-11 for a certificate of public convenience and necessity to construct wastewater facilities to extend public sewer to the Johnson Branch and North Page areas of the District at Kincaid, Fayette County. The West Virginia Infrastructure and Jobs Development Council (IJDC) has approved the project, designated as Project No. 97S-360B. The District estimated that the project would cost approximately $2,400,000, to be funded by a $1,500,000 grant from the United States Department of Agriculture, Rural Utilities Service (RUS), a $600,000 IJDC grant and a $300,000 RUS loan. The District is proposing to increase the rates of residential customers by approximately 24.08% and the rates of commercial customers by approximately 7.2%.

By the Commission Order entered on June 3, 2011, the Commission required that the District publish the Notice of Filing attached to that Order once in a newspaper duly qualified under *Code* §59-3-1 *et seq.*, published and generally circulated in Fayette County, providing a 30-day protest period. The June 3, 2011 Order also required that, within 30 days of the Order, the District serve a copy of the Notice of Filing on each of its customers by separate mailing, bill insert or by a message on postcard billings that the District is seeking a rate increase and that details are available in newspapers and at the District's office by calling (304) 465-1045. The June 3, 2011 Order also required that the District file an affidavit showing compliance with these notice requirements, including a publication affidavit, within 30 days. The June 3, 2011 Order also provided that, if no protests were received within the 30-day protest period, the Commission may waive formal hearing and grant the certificate based upon its review of the evidence submitted with the application.

By the Referral Order entered on June 16, 2011, the Commission referred this case to the Division of Administrative Law Judges (ALJ Division) for decision on or before October 17, 2011, if substantial protest was not filed, or by November 15, 2011, if the matter was substantially protested.

On July 1, 2011, Staff Attorney Travis Ellison submitted the Initial Joint Staff Memorandum, attaching the June 27, 2011 Utilities and Engineering Divisions Initial Memorandum from Utilities Analyst Karen L. Buckley, Utilities Division, and from Technical Analyst Lisa Bailey, Engineering Division, indicating that, once it had completed its investigation, Commission Staff would submit a final substantive recommendation. Commission Staff related that some of the information contained in the District's application was either incorrect or incomplete and requested that the District furnish Staff with correct and complete information, including an explanation of why the proposed rate increase was greater for residential customers than for commercial customers, and answer certain questions and resolve several discrepancies before Staff could make a substantive recommendation. Staff also indicated that the District must file funding commitment letters from the RUS and IJDC.

On July 15, 2011, the District filed a publication affidavit showing that the Notice of Filing was published as directed in *The Fayette Tribune* on June 9, 2011.

By Procedural Order issued on July 18, 2011, the Administrative Law Judge (ALJ) adopted a procedural schedule requiring that the District file an affidavit, pursuant to Rule 10.3.c.3. of the Commission's *Rules of Practice and Procedure* (*Procedural Rules*), which requires that, when a public utility is seeking a rate increase in the context of a certificate application, the utility must notify its customers of the proposed rate increase by publishing Tariff Form No. 14 (Notice of Filing) and sending a copy of the Notice of Filing to each of its customers either by including a copy of the Notice of Filing as a bill insert, by separately mailing the Notice of Filing to each customer, or, "only for utilities that bill by postcard instead of in an envelope, and who elect not to separately mail the Form No. 14 Notice of Filing, inclusion of a statement on a postcard billing as follows: 'This utility is seeking a rate increase. Details available in newspaper publications or at the utility office after [utility to insert date application filed with Commission] by calling [utility to insert utility office telephone number].'" The July 18, 2011 Order also indicated that, once the District had filed proof of compliance with *Procedural Rule* 10.3.c.3., the ALJ would determine whether the decision due date in this matter is October 17, 2011, or November 15, 2011, since it was possible that substantial protests may be filed after the customers have been individually notified of the increased rates required to support the project.

On August 11, 2011, the District submitted a letter asking that the letter be considered an affidavit proving that the District had satisfied the notice requirements of *Procedural Rule* 10.3.c.3. by including the required information on its postcard billings, in addition to the newspaper publication of the Notice of Filing. The August 11, 2011 filing attached a copy of a bill for service rendered from July 1, 2011, to August 1, 2011, which included the words, "The PSD is seeking a rate increase. Details available in newspaper or by calling the PSD office at 465-1045 after June 3, 2011."

One individual protested the certificate application.

On September 8, 2011, Staff Attorney Lucas R. Head filed the Final Joint Staff Memorandum, attaching the August 31, 2011 Utilities and Engineering Divisions Final Recommendation. Together, these Memoranda comprise Commission Staff's final substantive recommendation. Staff confirmed

that the IJDC had approved the project, designated as Project No. 97S-360B. The project will cost approximately $2,400,000, and will be funded by a $1,500,000 RUS grant, a $600,000 IJDC grant and a $300,000 RUS loan with an interest rate of 4.25% for a term of 40 years. The loan will require principal and interest payments of approximately $15,927 annually. The RUS requires a 10% debt reserve and a 2.5% renewal and replacement reserve.

The District currently serves approximately 405 customers located in the Page, Kincaid, Beards Fork, Wriston, Ingram Branch and Hamilton areas of southwestern Fayette County. The project has been broken down into several phases. Phase I has been completed and added the customers from the Wriston, Ingram Branch and Hamilton areas. Phase II has been broken down into two sub-phases, Phase IIA and Phase II B. The application is for Phase IIA, which will extend service into the areas of Hamilton, Johnson Branch and North Page. The people who reside in those areas do not have public sewer service available and their private septic systems are failing. Many homes are built on parcels of land too small to support a private septic system. Untreated sewage is being discharged into the Kanawha River, which is a public and environmental health hazard. Staff opined that the project is in the public's interest. The sewage would be treated by the District's existing treatment facilities covered by the National Pollutant Discharge Elimination System (NPDES) Permit No. WV0084425, issued on October 10, 2010, and expiring on September 9, 2015. Staff opined that the existing treatment facilities would handle the additional sewage that will be treated due to the project.

The project includes the installation of approximately 2,760 linear feet of six-inch gravity mainlines, approximately 12,880 linear feet of four-inch gravity mainlines, approximately 4,080 linear feet of four-inch sewer laterals, approximately 8,100 linear feet of two-inch and larger force mainlines, approximately 5,410 linear feet of 1-1/2-inch force mainlines, approximately 21 manholes, eight simplex grinder pumps, three duplex grinder pumps, two lift stations and all valves, cleanouts and other required appurtenances. Staff opined that all necessary permits had either been issued or could readily be obtained prior to construction. The District has obtained Construction Permit No. 18,722 from the West Virginia Office of Environmental Health Services. The project should not have any negative effects on the District's treatment facilities. Staff recommended that the District obtain at least 70% of all necessary rights-of-way and easements prior to construction. The project will not require any additional personnel to operate the system. The plans and specifications contain no apparent violations of the Commission's *Sewer Rules*. Staff cautioned that, during the construction of the project, the District must ensure that the customer service lines do not cross any premise or property other than the premise or property to be served and ensure that no long service sewer lines are installed by customers. While the customer density causes the cost per customer to be high at approximately $21,134, since about 87.5% of the project costs are grant-funded, the project is reasonable and feasible. Since the project has not been bid, Staff opined that the actual cost may increase. The project is the most reasonable of the alternatives which the District evaluated. Staff opined that the public convenience and necessity require the project and recommended that the Commission approve the certificate application.

The Notice of Filing provided that the rates of residential customers would increase by approximately 24.08% and the rates of commercial customers would increase by approximately 7.2%. The District indicated that the project would increase operation and maintenance (O&M) expenses by

approximately $25,681. However, Staff, opining that some of this estimate included a cost of living or inflation increase, recommended that the O&M attributable to the project be only approximately $20,379, or an increase of approximately 13%. Also, Staff calculated the District's revenue requirement and designed rates based on the total number of proposed customers, or 81, not the 65 customers the District used in its Rule 42 Exhibit. Staff opined that the District's five-year average of capital additions is approximately $7,719. Based on these changes, Staff has recommended rates and charges that will generate annual total available cash of approximately $272,872, which is $4,762 above going-level, or 2%. Staff explained that the going-level revenues are adjusted for the additional customers to be added by the project. The Staff-recommended rates will provide a 129% debt service coverage ratio and a $7,957 cash surplus for capital additions. Staff also recalculated the leak adjustment rate, recommending that it be $2.74 per 1,000 gallons. Under the Staff-recommended rates, the rates of residential customers would increase by approximately 1.8%, compared to the 7.2% published in the Notice of Filing. The minimum monthly bill would increase from $39.51 to $40.23. Staff recommended that rates approved in this proceeding become effective upon substantial completion of the project.

Also on September 8, 2011, the Executive Secretary served the District with a copy of Commission Staff's final substantive recommendation, giving it notice that, unless it filed a written objection to Staff's final recommendation within 10 days, the Commission may enter a final order in this matter without further notice or hearing. (See, September 8, 2011, letter from the Executive Secretary).

DISCUSSION

Having considered all of the above, since no dispute remains to be resolved in this proceeding, as evidenced by the lack of substantial protest and the lack of response to Staff's final recommendation, the ALJ will consider the parties to have waived their rights under *West Virginia Code* §24-1-9(b) to file proposed findings of fact and conclusions of law, or briefs, in this proceeding, or to a hearing. Since the application has not been substantially protested, the decision due date is October 17, 2011.

The project will extend public sewer service to an area of Fayette County that does not have public sewer service and which has failing septic systems that are contaminating the Kanawha River and some of its tributaries. The project has obtained funding for the project and the IJDC has approved the project. The District has substantially complied with the notice requirements of *Procedural Rule* 10.3.c.3. and substantial protest has not been filed. Finally, Commission Staff recommended approval. Accordingly, the ALJ finds that the public convenience and necessity require the project and he will grant the certificate application. The ALJ also will approve the proposed financing for the project comprised of a $1,500,000 RUS grant, a $600,000 IJDC grant and a $300,000 RUS loan with an interest rate of 4.25% for a term of 40 years, for a total project cost of approximately $2,400,000. Also, since the Staff-recommended rates and charges are sufficient, but not more than sufficient, to cover all reasonable O&M expenses and debt service requirements once the project is operational and will provide a 129% debt service coverage ratio and a cash surplus of approximately $7,957 for capital additions, the ALJ will approve the Staff-recommended rates and

charges. Should the plans or scope of the project change or should rates change because of the project, the District must obtain additional Commission approval. Changes in project cost and financing do not require additional Commission approval if a certified public accountant certifies by affidavit that such changes do not affect rates. The District must obtain all permits and rights-of-way prior to commencing construction. The District must ensure that no customer service lines are long service lines or cross the property of anyone other than the customer. The District must promptly file a copy of the engineer's certified tabulation of bids for all contracts associated with the project as soon as available and file a certificate of substantial completion as soon as the project engineer certifies that the project is substantially complete.

FINDINGS OF FACT

1. Page-Kincaid Public Service District filed an application with the Commission under *Code* §24-2-11 for a certificate of public convenience and necessity to construct wastewater facilities to extend public sewer to the areas of Hamilton, Johnson Branch and North Page, referred to as Phase IIA. The IJDC has approved the project, designated as Project No. 97S-360B. The District estimated that the project would cost approximately $2,400,000, to be funded by a $1,500,000 RUS grant, a $600,000 IJDC grant and a $300,000 RUS loan. The District proposed increasing the rates of its customers. (See, June 3, 2011 certificate application; Final Joint Staff Memorandum, with attachments, file September 8, 2011).

2. The District caused the Notice of Filing to be published on June 9, 2011, in *The Fayette Tribune*. (See, publication affidavit filed on July 15, 2011).

3. The District notified its customers of the proposed rate increase by postcard billing. (See, August 11, 2011 filing).

4. Substantial protests were not filed. (See, Commission's file).

5. Staff verified that the project will cost approximately $2,400,000, and will be funded by a $1,500,000 RUS grant, a $600,000 IJDC grant and a $300,000 RUS loan with an interest rate of 4.25% for a term of 40 years. The loan will require principal and interest payments of approximately $15,927 annually. The RUS requires a 10% debt reserve and a 2.5% renewal and replacement reserve. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

6. The District currently serves approximately 405 customers located in the Page, Kincaid, Beards Fork, Wriston, Ingram Branch and Hamilton areas of southwestern Fayette County. The project will extend service to approximately 81 additional customers. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

7. The total project has been broken down into several phases. Phase I has been completed and added the customers from the Wriston, Ingram Branch and Hamilton areas. Phase II has been broken down into two sub-phases, Phase IIA and Phase II B. The instant application is for

Phase IIA, which will extend service into the areas of Hamilton, Johnson Branch and North Page. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

8. The people who reside in the proposed service area do not have public sewer service available and their private septic systems are failing. Many homes are built on parcels of land too small to support a private septic system. Untreated sewage is being discharged into the Kanawha River, which is a public and environmental health hazard. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

9. The sewage will be treated by the District's existing treatment facilities covered by NPDES Permit No. WV0084425, which is sufficient to treat the additional sewage. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

10. The project includes the installation of approximately 2,760 linear feet of six-inch gravity mainlines, approximately 12,880 linear feet of four-inch gravity mainlines, approximately 4,080 linear feet of four-inch sewer laterals, approximately 8,100 linear feet of two-inch and larger force mainlines, approximately 5,410 linear feet of 1-1/2-inch force mainlines, approximately 21 manholes, eight simplex grinder pumps, three duplex grinder pumps, two lift stations and all valves, cleanouts and other required appurtenances. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

11. Most of the necessary permits have either been issued or can readily be obtained prior to construction. The District has obtained Construction Permit No. 18,722 from the West Virginia Office of Environmental Health Services. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

12. The project will not negatively affect the District's treatment facilities. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

13. The project will not require any additional personnel to operate the system. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

14. The plans and specifications contain no apparent violations of the Commission's *Sewer Rules*. Staff cautioned that, during the construction of the project, the District must ensure that the customer service lines do not cross any premise or property other than the premise or property to be served and ensure that no long service sewer lines are installed by customers. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

15. While the customer density causes the cost per customer to be high at approximately $21,134, about 87.5% of the project costs are grant-funded, making the project reasonably cost-effective and feasible. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

16. Staff considers this project to be the most reasonable of the alternatives which the District evaluated. Staff opined that the public convenience and necessity require the project and recommended that the Commission approve the certificate application. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

17. The Notice of Filing provided that the rates of residential customers would increase by approximately 24.08% and the rates of commercial customers would increase by approximately 7.2%. The District estimated that the project would increase O&M expenses by approximately $25,681. However, Staff, opining that that some of this estimate included a cost of living or inflation increase, recommended that the O&M attributable to the project be only approximately $20,379, or an increase of approximately 13%. Also, Staff calculated the District's revenue requirement and designed rates based on the total number of proposed customers, or 81, not the 65 customers the District used in its Rule 42 Exhibit. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

18. Staff calculated that the District's five-year average of capital additions is approximately $7,719. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

19. Based on its adjustments, Staff has recommended rates and charges that will generate annual total available cash of approximately $272,872, which is $4,762 above going-level, or 2%. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

20 The Staff-recommended rates will provide a 129% debt service coverage ratio and a $7,957 cash surplus for capital additions. Staff also recalculated the leak adjustment rate, recommending that it be $2.74 per 1,000 gallons. Under the Staff-recommended rates, the rates of residential customers would increase by approximately 1.8%. The minimum monthly bill would increase from $39.51 to $40.23. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

21. Staff recommended that rates approved in this proceeding become effective upon substantial completion of the project. (See, Final Joint Staff Memorandum, with attachments, filed on September 8, 2011).

22. The Executive Secretary served the District with a copy of Commission Staff's final substantive recommendation, giving it notice that, unless it filed a written objection to Staff's final recommendation within 10 days, the Commission may enter a final order in this matter without further notice or hearing. (See, letter from Executive Secretary filed on September 8, 2011).

23. The District did not respond to Commission Staff's final substantive recommendation. (See, Commission's file).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The proposed financing for the project should be approved.

3. It is reasonable to approve the Staff-recommended rates and charges, effective upon certification of the substantial completion of the project.

4. The Staff-recommended rates that will become effective upon substantial completion of the project are sufficient to support the proposed project.

5. Should the scope, plans or financing for the project change, the District must obtain prior Commission approval before commencing construction. Changes in project costs or funding do not require separate approval if those changes do not affect rates and the District submits an affidavit from a certified public accountant to this effect.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of public convenience and necessity filed with the Commission on June 3, 2011, by Page-Kincaid Public Service District pursuant to *Code* §24-2-11, to extend public sewer service to the Hamilton, Johnson Branch and North Page areas, referred to as Phase IIA, be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project, which totals approximately $2,400,000, to be funded by a $1,500,000 United States Department of Agriculture, Rural Utilities Service grant, a $600,000 West Virginia Infrastructure and Jobs Development grant and a $300,000 RUS loan, with an interest rate of 4.25% for a term of 40 years, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges set forth in Appendix A attached to this Recommended Decision be, and hereby are, approved for all service rendered by Page-Kincaid Public Service District on and after the date the project hereby approved has been certified as substantially complete.

IT IS FURTHER ORDERED that, within 30 days of substantial completion of the project, Page-Kincaid Public Service District file an original and at least five copies of a proper tariff setting forth the rates and charges hereby approved.

IT IS FURTHER ORDERED that, should the scope or plans for the project change, Page-Kincaid Public Service District obtain prior Commission approval before commencing construction. Changes in project cost and financing do not require separate approval if those changes do not affect rates and the District submits an affidavit from a certified public accountant to this effect.

IT IS FURTHER ORDERED that Page-Kincaid Public Service District submit a copy of the certified tabulation of bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that Page-Kincaid Public Service District notify the Commission when the project engineer has performed the substantial completion inspection and submit the certificate of substantial completion to the Commission as soon as it becomes available.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, Page-Kincaid Public Service District comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

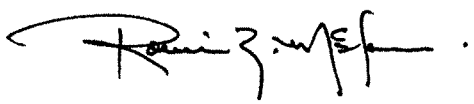
IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this order upon the Commission by hand delivery; by electronic service upon all parties of record who have filed an e-service agreement with the Commission; and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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 Recommended Decision 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 Recommended Decision 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 recommended decision 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 recommended decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Ronnie Z. McCann
Deputy Chief Administrative Law Judge

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 11-0784-PSD-CN
PAGE-KINCAID PUBLIC SERVICE DISTRICT,
a public utility, Kincaid, Fayette County.

APPROVED TARIFF

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale sewer service.

RATES (customers with metered water supply)

First 3,000 gallons of water used per month	$13.41 per 1,000 gallons
Next 3,000 gallons of water used per month	$ 6.55 per 1,000 gallons
Next 4,000 gallons of water used per month	$ 6.43 per 1,000 gallons
Next 10,000 gallons of water used per month	$ 6.15 per 1,000 gallons
All over 20,000 gallons of water used per month	$ 5.60 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $40.23 per month, which is the equivalent of 3,000 gallons.

DELAYED PAYMENT PENALTY

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

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $100.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of $350.00 for the gravity system and a tap fee of $750.00 for the grinder pump system will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

SEPTIC TANK CHARGE

Charge for cleaning out septic tanks for customers in the District:

500-gallon tank	$100
1,000-gallon tank	$175

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, up to a maximum of $25.00, will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

LEAK ADJUSTMENT

$2.74 per 1,000 gallons is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on customer's side of meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SECURITY DEPOSIT

Not to exceed $50.00 OR two-twelfths (2/12) of the annual estimated charge for the applicant's specified customer class, whichever is greater.

PAGE-KINCAID PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

RECEIPT FOR SERIES 2013 A BONDS

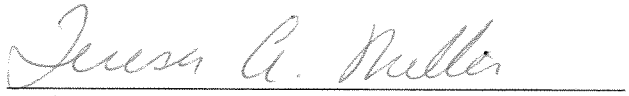
The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 13th day of June, 2013, at Kincaid, West Virginia, the undersigned received for the Purchaser the Page-Kincaid Public Service District Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture), No. AR-1 (the "Series 2013 A Bonds"), issued as a single, fully registered Bond, in the principal amount of $300,000, dated the date hereof, bearing interest at the rate of 3.5% per annum, payable in monthly installments as stated in the Bond. The Series 2013 A Bonds represent the entire above captioned Bond issue.

2. At the time of such receipt, the Series 2013 A Bonds had been executed and sealed by the designated officials of the Public Service Board of Page-Kincaid Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of $200,117.59, being a portion of the principal amount of the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 13th day of June, 2013.



Authorized Representative

SPECIMEN

UNITED STATES OF AMERICA
PAGE-KINCAID PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$300,000

No. AR-1

Date: June 13, 2013

FOR VALUE RECEIVED, PAGE-KINCAID PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of THREE HUNDRED THOUSAND DOLLARS ($300,000), plus interest on the unpaid principal balance at the rate of 3.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing July 13, 2013 and continuing on the 13th day of each month to and including June 13, 2015 (the first 24 months after the date hereof), and thereafter commencing July 13, 2015, monthly payments of $1,191, covering principal and interest, and on the 13th day of each month to and including June 13, 2053 (40 years from the date of this Bond), except that the final installment shall be paid in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter

basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted June 11, 2013, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar

purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S:

(1) SEWER REVENUE BONDS, SERIES 1988 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $112,000 (THE "SERIES 1988 A BONDS");

(2) SEWER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 16, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $120,000 (THE "SERIES 1993 BONDS");

(3) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 11, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 2009 A BONDS"); AND

(4) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 11, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $470,000 (THE "SERIES 2009 B BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S SEWER REVENUE BOND, SERIES 1988 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $28,000 (THE "SERIES 1988 B BONDS") (COLLECTIVELY WITH THE FIRST LIEN BONDS, THE "PRIOR BONDS").

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, PAGE-KINCAID PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PAGE-KINCAID PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

SPECIMEN

Chairman, Public Service Board

ATTEST:

SPECIMEN

Secretary, Public Service Board

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $200,117.59	06/13/2013	(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 $_____

(Form of Assignment)

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: _____, 20___.

_____

In the presence of:

_____

PAGE-KINCAID PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$300,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	**Date of Registration**	**In Whose Name Registered**	**Signature of Secretary of Registrar**
AR-1	June 13, 2013	United States Department of Agriculture	

683950.00002

5768705

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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www.steptoe-johnson.com

Writer's Contact Information

June 13, 2013

Page-Kincaid Public Service District
Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

Page-Kincaid Public Service District
Kincaid, West Virginia

United States Department of Agriculture
Beckley, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Page-Kincaid Public Service District in Kincaid, West Virginia (the "Issuer"), of its $300,000 Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture) dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on June 11, 2013, (the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (i) Sewer Revenue Bonds, Series 1988 A (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $112,000, (ii) Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated June 16, 1993, issued in the original aggregate principal amount of $120,000 (the "Series 1993 Bonds"), (iii) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 11, 2009, issued in the original aggregate principal amount of $550,000 (the "Series 2009 A Bonds); and (iv) Sewer Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), dated June 11, 2009, issued in the original aggregate principal amount of $470,000 (the "Series 2009 B Bonds), and senior and prior to the Issuer's Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $28,000 (the "Series 1988 B Bonds").

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

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

6. The Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State, and interest on the Bonds is exempt from personal income taxes and corporate net 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 Bond Legislation and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

STEPTOE & JOHNSON PLLC

683950.00002

LAW OFFICES OF
PHILIP J. TISSUE

303 JONES AVENUE
OAK HILL, WEST VIRGINIA 25901

TELEPHONE 304/469-4431 • FAX 304/469-4844
ptissue@frontier.com

June 13, 2013

Page-Kincaid Public Service District
Kincaid, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies & Gentlemen:

I am counsel to Page-Kincaid Public Service District, a public service district in Fayette County, West Virginia (the 'Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe& Johnson, as bond counsel, a resolution of the Issuer duly adopted on June 11, 2013, (the 'Resolution"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds") and documents and orders of The County Commission of Fayette County relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

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

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

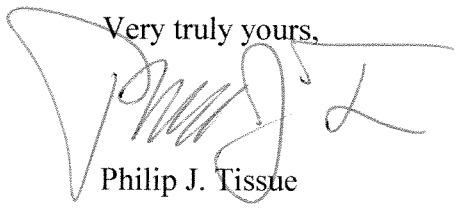
3. The Resolution has been duly adopted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any 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.

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid 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 the charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Fayette County 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 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.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law of in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds or the Resolution, 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.

Very truly yours,



Philip J. Tissue

LAW OFFICES OF
PHILIP J. TISSUE

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June 13, 2013

West Virginia Infrastructure and Jobs Development Council
Charleston, WV

West Virginia Water Development Authority
Charleston, WV

Re: Page-Kincaid Public Service District
North Page/Johnson Branch Sewer Project

Dear Ladies & Gentlemen:

This firm represents Page-Kincaid Public Service District with regard to the construction of a sewer system project more particularly entitled the "Page-Kincaid Public Service District Johnson Branch-North Page Sewer Extension contract; and provides this narrative opinion on behalf of Page-Kincaid Public Service District to satisfy the requirements of the Infrastructure and Jobs Development Council with regard to the financing proposed for the project. Please be advised of the following:

1. That I am of the opinion that the Page-Kincaid Public Service District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project.

2. That the Page-Kincaid Public Service District has obtained approval for all necessary permits and approvals for the construction of the Project, including: 1) Public Lands Permit (4/4/11), Army Corps of Engineers (5/24/11), NPDES Permit (1/31, 12), WVBPH Permit (1/11/11), and the WVDOH Permit 3/7/12).

3. That the District has likewise obtained the appropriate Certificate of Convenience and Necessity, which was issued by the West Virginia Public Service Commission, on October 11, 2011, in Case No. 11-0784-PSD-CN.

3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Pentree Incorporated, the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Fayette County, West Virginia, the county in which the Project is to be located, and in my opinion, the Page-Kincaid Public Service District has acquired legal title, or such other estate or interest in the necessary site components for the Project, including in excess of one hundred percent (100%) easements and/or

rights-of-way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed. More specifically, my review indicates the following:

(a) Sixty-eight (68) signed easements
(b) Twelve (12) final condemnation orders
(c) One (1) pending condemnation with court ordered right of entry

5. Twenty five (25) condemnation suits have been filed and twelve (12) of those condemnation suits have been brought to a successful conclusion by obtaining final condemnation orders from the Circuit Court of Fayette County. Twelve (12) condemnation suits have resulted in obtaining the appropriate signatures of the owners of the property in question. One (1) condemnation suit remains pending but a legal order of entry has been obtained..

6. That all deeds or other documents which have been acquired to date by the Page-Kincaid Public Service District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title and interest of the Page-Kincaid Public Service District.

7. At the present time, I know of no condemnation issues other than the continuing process of bringing the single condemnation case to a conclusion.

8. I am unaware of any claims or legal actions against the Page-Kincaid Public Service District, now pending either in court or before an administrative tribunal as of May 29, 2013.

9. I am also unaware of any outstanding judgments against the Page-Kincaid Public Service District.

10. I hereby certify that as to the rights of way obtained thus far, and the acquisition of the sole site component for the project, that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Properties Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of said real property and rights of way.

If you have any questions regarding any of the information contained in this narrative opinion, or need anything further whatsoever from me prior to authorizing this Project for bid, please do not hesitate to let me know.

Very truly yours,

Philip J. Tissue

PJT/prc
cc: Mike Hurd, Pentree, Inc.
Page-Kincaid PSD
Alice King, Region 4

PAGE-KINCAID PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT
9. USE OF PROCEEDS
10. LAND AND RIGHTS-OF-WAY
11. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
12. CONTRACTORS' INSURANCE, ETC.
13. CONNECTIONS, ETC.
14. MANAGEMENT
15. GRANTS
16. CONFLICT OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Page-Kincaid Public Service District, in Fayette County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify on this the 13th day of June, 2013, in connection with the Page-Kincaid Public Service District Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of $300,000 (the "Series 2013 A Bonds") as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2013 A Bonds have been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated June 2, 2005, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted on June 11, 2013, authorizing issuance of the Series 2013 A Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have

the same meaning as defined in the Bond Resolution when used herein. The Series 2013 A Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2013 A Bonds or receipt of any grant monies, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2013 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2013 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Series 2013 A Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents 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 Series 2013 A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered on October 11, 2011, which became Final Order of the PSC on October 31, 2011, in Case No. 11-0784-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving rates for the System and approving the financing for the Project. An affidavit of CPA dated May 23, 2013 was filed pursuant to such Order. The time for appeal of the Recommended Decision has expired prior to the date hereof without any appeal. Such Order remains 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 by the Purchaser of a loan to assist in the acquisition and construction of the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2013 A Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's (i) Sewer Revenue Bonds, Series 1988 A (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $112,000 (the "Series 1988 A Bonds), (ii) Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated June 16, 1993, issued in the

original aggregate principal amount of $120,000 (the "Series 1993 Bonds), (iii) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 11, 2009, issued in the original aggregate principal amount of $550,000 (the "Series 2009 A Bonds"), and (iv) Sewer Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), dated June 11, 2009, issued in the original aggregate principal amount of $470,000 (the "Series 2009 B Bonds"), (collectively, the "First Lien Bonds").

There is outstanding an obligation of the Issuer which will rank junior and subordinate to the First Lien Bonds as to liens, pledge and source of security for payment, being the Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $28,000 (the "Series 1988 B Bonds"), (collectively with the First Lien Bonds, the "Prior Bonds").

The Issuer is not in default under the terms of the Prior Bonds or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of Parity Bonds or has obtained a sufficient and valid consent or waiver thereof.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date hereof, officially execute and seal the Series 2013 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2013 A Bonds for the Issuer.

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

Bond Resolution

Prior Bond Resolutions

Consent of USDA to Issuance of Parity Bonds

Consent of WDA to Issuance of Parity Bonds

USDA Letter of Conditions, with all amendments

Public Service Commission Order(s)

County Commission Orders on Creation of District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Minutes of Current Year Organizational Meeting

Affidavit of Publication of Notice of Filing

Minutes on Adoption of Bond Resolution and Rules of Procedure

Bureau for Public Health Permit

United States Department of Agriculture Loan Agreement

United States Department of Agriculture Grant Agreement

West Virginia Infrastructure Fund Grant Agreement

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Page-Kincaid Public Service District" and its principal office and place of business are in Fayette County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three 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
John P. David	10/01/11	10/01/17
James A. Kincaid, Jr.	10/01/09	10/01/15
Vacant		

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2013 are as follows:

Chairman	-	James A. Kincaid, Jr.
Secretary	-	John P. David

The duly appointed and acting Attorney for the Issuer is Phillip Tissue, Esquire, of Oak Hill, West Virginia.

8. DELIVERY AND PAYMENT: On the date hereof, the Series 2013 A Bonds were delivered to the Purchaser at Kincaid, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery, the Series

2013 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Series 2013 A Bonds, the undersigned Chairman received $200,117.59, being a portion of the principal amount of the Series 2013 A Bonds. Further advances of the balance of the principal amount of the Series 2013 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2013 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 3.5% per annum is payable from the date of each respective advance.

9. USE OF PROCEEDS: The Series 2013 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes. The total cost of the Project is estimated at $2,480,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2013 A Bonds	$300,000
Proceeds of the Grant from the USDA	1,580,000
Proceeds of the Infrastructure Fund Grant	600,000
Total Sources	$2,480,000
USES	
Costs of Acquisition and Construction	$2,470,000
Costs of Issuance	10,000
Total Uses	$2,480,000

10. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and 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 Series 2013 A Bonds.

11. MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the Project and the System were authorized or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of

the Governing Body and all applicable statutes, including particularly and without limitation, Chapter 6, Article 9A of the official West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed (as applicable), qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

12. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Resolution.

13. CONNECTIONS, ETC.: The Issuer will serve at least 713 bona fide users with the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

14. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by the Purchaser.

15. GRANTS: As of the date hereof, the grant from the Purchaser in the amount of $1,580,000, and the West Virginia Infrastructure and Jobs Development Council grant in the amount of $600,000 are committed and in full force and effect.

16. 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 Series 2013 A Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. 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.

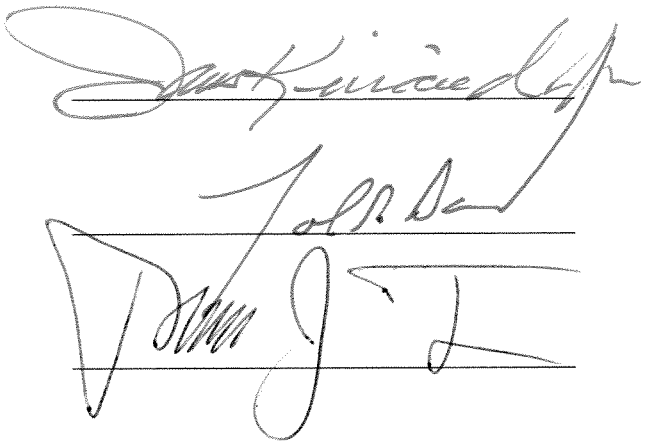
17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

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

[Remainder of Page Intentionally Left Blank]

WITNESS our signatures and the official corporate seal of PAGE-KINCAID PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Attorney for Issuer

683950.00002

5768714

Page-Kincaid Public Service District
Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Robert D. Hazelwood, Registered Professional Engineer, West Virginia License No. 8452 of Pentree, Inc., Princeton, West Virginia, hereby certify this 13th day of June, 2013 that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing sewer system (the "System") of Page-Kincaid Public Service District (the "Issuer"), to be acquired and constructed in Fayette County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

1. The Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance and related costs.

2. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Bureau for Public Health; (ii) the schematic design for the Project began before July 1, 2012; (iii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iv) the Issuer has received bids for the acquisition and construction of the Project; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the bid documents and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; and (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the construction of the Project and operation of the System.

3. The Project has been designed to, and the construction contracts provide for, sewer service for up to 62 new customers in the Johnson Branch and North Page areas.

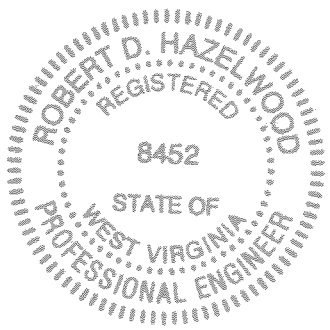
[Remainder of Page Intentionally Blank]

WITNESS my signature on the day and year first written above.

PENTREE, INC.

Robert D. Hazelwood

Robert D. Hazelwood, P.E.
West Virginia License No. 8452



Page Kincaid Public Service District
97S-360b
Schedule B

Draft 5/23/2013

Costs of Project	TOTAL	USDA Loan & Grant	IJDC Grant
1 Construction			
Contract 1 (Base + AA#1)	1,815,505	1,275,505	540,000
2 Construction Contingency 6%	105,995	105,995	0
3 Technical Services (Pentree)			
Planning	12,000	12,000	0
Basic Services	180,000	180,000	0
Inspection / Post Construction	100,000	100,000	0
Additional Services	33,000	33,000	0
4 Project Attorney (Tissue)	22,500	22,500	0
5 Administration (Region IV)	60,000	0	60,000
6 Accounting (Lowe)	10,000	10,000	0
7 Lands and ROW acquisitions	35,000	35,000	0
8 Permits	21,000	21,000	0
9 Project Contingency	54,000	54,000	0
10 Total of Lines 1 through 9	2,449,000	1,849,000	600,000
COST OF FINANCING			
11 Capitalized interest	21,000	21,000	0
12 Reserve	0	0	0
13 Registrar	0	0	0
14 Bond Counsel	10,000	10,000	0
15 Total Cost of Financing (line 11 through 14)	31,000	31,000	0
16 Total Cost of Project (line 10 plus line 15)	**2,480,000**	**1,880,000**	**600,000**
SOURCES OF FUNDS			
17 Federal Grants (USDA)	1,580,000	1,580,000	0
18 State Grants (IJDC)	600,000	0	600,000
19 Other Sources	0	0	0
20 Total Grants (lines 17 through 19)	2,180,000	1,580,000	600,000
21 Proceeds needed from Bond Issue (line 16 minus line 20)	300,000	300,000	0

John Kincaid
Page Kincaid PSD

6-11-13
Date

Robert D. Haglund
Pentree

6/11/2013
Date

BASSETT & LOWE
CERTIFIED PUBLIC ACCOUNTANTS
1156 SOUTH MAIN STREET
MILTON, WEST VIRGINIA 25541
Phone: (304) 743-5573 FAX: (304) 743-1150
e-mail: rlowe@bassettlowe.com

June 13, 2013

Page-Kincaid Public Service District
Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

Page-Kincaid Public Service District
Kincaid, West Virginia

United States Department of Agriculture
Beckley, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the sewer rates and charges set forth in the Recommended Decision dated October 11, 2011 which became Final Order on October 31, 2011 in Case No. 11-0784-PSD-CN of the Public Service Commission of West Virginia, and projected operating expenses and anticipated customer usage as furnished to us by Pentree, Inc., Consulting Engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of Page-Kincaid Public Service District (the "Issuer"), will provide for all Operating Expenses of the System and will leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture), issued in the original aggregate principal amount of $300,000 (the "Series 2013 A Bonds"), and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds, including the Issuer's:

(i) Sewer Revenue Bonds, Series 1988 A (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $112,000 (the "Series 1988 A Bonds");

(ii) Sewer Revenue Bond, Series 1993 (United States Department of Agriculture), dated June 16, 1993, issued in the original aggregate principal amount of $120,000 (the "Series 1993 Bonds");

(iii) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 11, 2009, issued in the original aggregate principal amount of $550,000 (the "Series 2009 A Bonds");

(iv) Sewer Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), dated June 11, 2009, issued in the original aggregate principal amount of $470,000 (the "Series 2009 B Bonds"); and

(v) Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $28,000 (the "Series 1988 B Bonds"), (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2013 A Bonds are issued will be at least 115% of the average annual debt service on the Prior Bonds and the Series 2013 A Bonds and that (ii) 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 Series 2013 A 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 Series 2013 A Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2013 A Bonds.

Very truly yours,

BASSETT & LOWE

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, TO-WIT:

I, MRS. IRENE JOHNSON, hereby certify that I am the duly qualified and acting Clerk of the County Commission of Fayette County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings in said County Commission as had under dates of September 15, and October 8, 1975, and the Resolutions and Orders then adopted relating to the proposed creation of the Page-Kincaid Public Service District and the creation thereof, all as shown by the official records in my office.

In Witness Whereof, I have hereunto affixed my official signature and seal of said Commission at Fayetteville, West Virginia, this the 8 day of October, 1975.

Irene K Johnson

Clerk of the County Commission
of
Fayette County

S E A L

West Virginia, County of Fayette
I, IRENE K. JOHNSON, Clerk of the County Commission of Fayette County, West Virginia, hereby certify that the foregoing is a true copy from the records of my office.
In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the ____ day of OCT 8, 19 1975
IRENE K. JOHNSON, Clerk
By _____, Deputy

12

PAGE-KINCAID

IN THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA

The County Commission of Fayette County, West Virginia, met this the 15th day of September, 1975, in regular session, at the Fayette County Courthouse, Fayetteville, West Virginia.

Thereupon, appeared before the Commissioners of said Commission, Pat R. Hamilton, an attorney at law, Oak Hill, West Virginia, and Kenneth B. Fox, of Kincaid, West Virginia, who stated that they represented 566 petitioning citizens, all residents and property owners in a certain portion of Valley District, Fayette County, West Virginia, bounded and described as follows:

BEGINNING at a point in the common corner of the Valley Magisterial District, New Haven Magisterial District, and the Plateau Magisterial District boundaries, said point having a latitude of N. 38° 02' 04" and longitude W. 81° 12' 09"; thence, 0.83 miles following the Plateau Magisterial District and New Haven Magisterial District boundary to a point having a latitude of N. 38° 01' 41" and longitude W. 81° 11' 06"; thence, S. 45° 00' E. 1.04 miles to a point having a latitude of N. 38° 01' 03" and longitude W. 81° 10' 18"; thence, South 0.88 miles to a point having a latitude of N. 38° 00' 17" and longitude N 81° 10' 18"; thence, S. 45° 00' W. 1.51 miles to a point having a latitude of N. 37° 59' 20" and longitude W. 81° 11' 11"; thence, West 3.29 miles to a point in the Valley Magisterial District and the Plateau Magisterial District boundary, said point having a latitude N. 37° 59' 20" and longitude W. 81° 15' 06"; thence, N 45° 00' W.,

1.07 miles to a point having a latitude of N. 38° 00' 00" and longitude 81° 15' 55"; thence, West 2.23 miles to a point having a latitude of N. 38° 00' 00" and longitude W. 81° 18' 22"; thence, North 2.62 miles to a point having a latitude of N. 38° 02' 18" and longitude W. 81° 18' 22"; thence, N. 45° 00' E. 0.86 mile to a point having a latitude of N. 38° 02' 49" and longitude W. 81° 17' 41"; thence, North 2.26 miles to a point having a latitude of N 38° 05' 14" and longitude W. 81° 17' 41"; thence, N 45° 00' W. 1.03 miles to a point having a latitude of N. 38° 05' 51" and longitude W. 81° 18' 29"; thence, N. 45° 00' E. 1.91 miles to a point having a latitude of N. 38° 07' 01" and longitude W. 81° 16' 59"; thence, East 5.08 miles to a point having a latitude of N. 38° 07' 01" and longitude W. 81° 11' 24"; thence, South 1.54 miles to a point in the Valley Magisterial District and New Haven Magisterial District boundary, said point having a latitude of N. 38° 05' 41" and longitude W. 81° 11' 24"; thence, 5.17 miles following the Valley Magisterial District and New Haven Magisterial District boundary to the POINT OF BEGINNING; containing 52.40 square miles within the Valley and Plateau Magisterial Districts, Fayette County, West Virginia.

Whereupon, the said Pat R. Hamilton and Kenneth B. Fox advised the court that the petitioners are seeking the creation by the Commission of a new Public Service District in the area above set forth, and presented to the court proposed boundaries for said District and asked that the County Commission adopt a proposed Resolution and enter an Order fixing a date of hearing for the creation of the Page-Kincaid Public Service District in the area above described.

Whereupon, James E. Lively introduced and caused to be read a proposed Resolution and Order entitled: "A Resolution and Order fixing a date of hearing on the creation of a Public Service District within Valley and Plateau Magisterial Districts of Fayette County, West Virginia, and providing for the publication of a notice of such hearing;" and then moved that such proposed Resolution and Order be adopted. Said motion was properly seconded and, after due discussion and consideration, same was unanimously adopted.

Whereupon, the President declared the motion duly carried and said Resolution and Order duly adopted upon the motion and vote as aforesaid.

James E. Lively
President

Commissioner

Commissioner

ATTEST:

Clerk

West Virginia, County of Fayette:
I, H. E. JANNEY, Clerk of the County Commission of Fayette County, West Virginia, hereby certify that the foregoing is a true copy from the records of my office.

In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the 23 day of MAY, 1979

H. E. JANNEY, Clerk

By _____ Deputy

The Fayette Tribune

FAYETTE COUNTY'S OLDEST NEWSPAPER

417 MAIN STREET
OAK HILL, WEST VIRGINIA 25901
TELEPHONE: 469-3375

E OF PUBLICATION Fee for Publication $ 32.28

Larry E. Holliday, publisher of The Fayette Tribune, Inc.,
ly newspaper, published in the City of Oak Hill, County of
ite of West Virginia do hereby declare that the Legal
herewith attached, was published in said newspaper
dated the 18th day of September, 1975.

[SIGNED] Larry E. Holliday

Larry E. Holliday
Publisher

ND SWORN TO and before me this 25th day of May, 1979.

[SIGNED] Sue Mundy
Sue Mundy

Notary Public

ission expires Dec. 13, 1981

NOTICE OF PUBLIC HEARING ON THE CREATION OF THE PAGE-KINCAID PUBLIC SERVICE DISTRICT

Notice is hereby given that the County Commission of Fayette County, West Virginia, proposes to create a Public Service District within Valley District of Fayette County, West Virginia, and including but not limited to the unincorporated communities of Robson, Beards Fork, Page, Kincaid, Ingram Branch and Winton, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improving and extension of public service properties supplying water and sewage services within said district and also outside of said district to the extent permitted by law, to be named the "Page-Kincaid Public Service District" and having the following described boundaries:

BEGINNING at a point in the common corner of the VALLEY Magisterial District, NEW HAVEN Magisterial District, and the PLATEAU Magisterial District boundaries, said point having a latitude of N. 38 degrees 02' 04" and longitude W. 81 degrees 12' 09"; thence, 0.83 miles following the Plateau Magisterial District and New Haven Magisterial District boundary to a point having a latitude of N. 38 degrees 01' 41" and longitude W. 81 degrees 11' 05"; thence, S. 45 degree 00' E. 1.04 miles to a point having a latitude of N. 38 degree 01' 03" and longitude W. 81 degree 10' 18"; thence, South 0.88 miles to a point having a latitude of N 38 degrees 00' 17" and longitude N. 81 degrees 10' 18"; thence, S. 45 degree 00' W. 1.51 miles to a point having a latitude of N. 37 degrees 59' 20" and longitude W. 81 degrees 11' 11"; thence, West 3.29 miles to a point in the Valley Magisterial District and the Plateau Magisterial District boundary, said point having a latitude N. 37 degrees 59' 20" and longitude W. 81 degrees 15' 06"; thence, N. 45 degree 00' W., 1.07 miles to a point having a latitude of N. 38 degrees 00' 00" and longitude 81 degrees 15' 55"; thence, West 2.23 miles to a point having a latitude of N. 38 degrees 00' 00" and longitude W. 81 degrees 18' 22"; thence, North 2.62 miles to a point having a latitude of N. 38 degrees 02' 18" and longitude W. 81 degrees 18' 22"; thence, N. 45 degrees 00' E. 0.86 mile to a point having a latitude of N. 38 degrees 02' 49" and longitude W. 81 degrees 17' 41"; thence, North 2.26 miles to a point having a latitude of N 38 degrees 05' 14" and longitude W. 81 degrees 17' 41"; thence, N. 45 degrees 00' W. 1.03 miles to a point having a latitude of N. 38 degrees 05' 51" and longitude W. 81 degrees 18' 29"; thence, N. 45 degrees 00' E. 1.91 miles to a point having a latitude of N. 38 degrees 07' 01" and longitude W. 81 degrees 16' 59"; thence, East 5.08 miles to a point having a latitude of N. 38 degrees 07' 01" and longitude W. 81 degrees 11' 24"; thence, South 1.54 miles to a point in the Valley Magisterial District and New Haven Magisterial District boundary, said point having a latitude of N. 38 degrees 05' 41" and longitude W., 81 degrees 11' 24"; thence, 5.17 miles following the Valley Magisterial District and New Haven Magisterial District boundary to the POINT OF BEGINNING; containing 52.40 square miles within the Valley and Plateau Magisterial Districts, Fayette County, West Virginia.

Any persons residing in or along or having any interest in any property in said proposed public service district are hereby notified that the County Commission of Fayette County will conduct a public hearing on the 8th day of October, 1975, at 9:30 o'clock A.M. at the County Courthouse at Fayetteville, West Virginia, at which time and place all interested persons may appear before the County Commission and shall have an opportunity to be heard for or against the proposed public service district.

By order of the Fayette County Commission this the 15th day of September, 1975.

C. H. Stallard, President
Fayette County Commission

Mrs. Irene Johnson, Clerk
Fayette County Commission

Pat R. Hamilton
Attorney for the
Page-Kincaid Public
Service District

Legal No. 555
Sept 18

AFFIDAVIT OF POSTING

I, Kenneth B. Fox, of Kincaid, Fayette County, West Virginia, do hereby declare that the notice attached hereto was posted in five, conspicuous public places in the proposed territory of the Page-Kincaid Public Service District on September 20, 1975.

Kenneth B. Fox

Kenneth B. Fox

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, TO-WIT:

The foregoing Affidavit of Posting was acknowledged before me this 28 day of May, 1979, by ~~KENNETH~~ B. FOX.

Notary Public

My commission expires: June 18, 1985

IN THE COUNTY COURT OF FAYETTE COUNTY, WEST VIRGINIA

The County Court of Fayette County, West Virginia, sat in regular session pursuant to law and to the rules of said court at the County Courthouse at Fayetteville, West Virginia, at 9:30 o'clock A.M., on Wednesday, October 8, 1975.

The date of October 8, 1975, being the date fixed by prior action of the court for conducting the public hearing on the creation of the proposed Page-Kincaid Public Service District, as contemplated and provided for in a resolution and order adopted by the County Commission on September 15, 1975, the president of the commission announced that all persons residing in or owning or having an interest in property in such proposed Public Service District desiring to be heard for or against the creation of said district would be heard and that all such interested persons desiring to be heard were to be given full opportunity.

Whereupon, a group of citizens, being residents and property owners in the proposed district, appeared and stated that they were very much in favor of the establishment of the public service district as it was absolutely necessary that a public water supply and a sewage disposal system be obtained for the area.

There was no one who appeared opposing the creation of the district.

Whereupon, the County Commission then further discussed the creation of said public service district and J. E. Lively, one of the Commissioners, caused to be read a proposed resolution and order

entitled: "A Resolution and Order Creating the Page-Kincaid Public Service District of Fayette County, West Virginia."

And after reading the same, it was properly moved and seconded that said resolution and order be adopted and unanimously so ordered.

Whereupon, the President declared the motion duly carried and said resolution ordered duly adopted.

Whereupon, J. E. Lively introduced and caused to be read a proposed resolution and order entitled:

"Resolution and Order Appointing Members of the Public Service Board of the Page-Kincaid Public Service District."

Whereupon, it was properly moved and seconded that all rules otherwise requiring deferred consideration be suspended and that the proposed resolution and order be adopted.

Said motion was unanimously carried and the President thereupon so declared and also declared said resolution and order duly and regularly adopted.

By order of the Fayette County Commission.

James E. Lively
President

Charles M. [illegible]
Commissioner

[illegible]
Commissioner

ATTEST:

Irene K. Johnson
Clerk of the Fayette County Commission

[illegible] Virginia, County of Fayette:
[illegible] K. JOHNSON, Clerk of the County Commission of Fayette County, West Virginia, hereby certify that the foregoing is a true copy from the records of my office.
In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the 08 day of 1975 19
IRENE K. JOHNSON, Clerk
By [illegible] Deputy

IN THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA

RESOLUTION AND ORDER CREATING THE PAGE-KINCAID PUBLIC SERVICE DISTRICT IN FAYETTE COUNTY, WEST VIRGINIA

Whereas, the County Commission of Fayette County, West Virginia, did heretofore by Resolution and Order, adopted September 15, 1975, fix a date for public hearing on the creation of a proposed Page-Kincaid Public Service District, and in and by said resolution and order provided that all persons residing in or owning or having any interest in property in the proposed Public Service District might appear before the County Commission at this meeting, and have the opportunity to be heard for and against the creation of said district; and

Whereas, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13-A of Chapter 16 of the West Virginia Code, as amended, and all interested persons having been afforded an opportunity of being heard for and against the creation of said District, and no written protest having been filed and the requisite number of qualified voters registered and residing within said proposed public service district having duly submitted their petition, in writing and signed by 561 petitioners, and the court having given due consideration to all matters for which said hearing was held and offered; and

Whereas, it is now deemed desirable by said County Commission to adopt a Resolution and Order creating said Public Service District;

now, therefore,

BE IT and it is hereby RESOLVED and ORDERED by the County Commission of Fayette County, West Virginia, as rollows:

Section 1. That a Public Service District, including portions of Plateau and Valley Districts, in Fayette County, West Virginia, is hereby created, and said District shall have the following described boundaries:

BEGINNING at a point in the common corner of the VALLEY Magisterial District, NEW HAVEN Magisterial District, and the PLATEAU Magisterial District boundaries, said point having a latitude of N. 38° 02' 04" and longitude W. 81° 12' 09";

THENCE, 0.83 miles following the Plateau Magisterial District and New Haven Magisterial District boundary to a point having a latitude of N. 38° 01' 41" and longitude W. 81° 11' 06";

THENCE, S. 45° 00' E. 1.04 miles to a point having a latitude of N. 38° 01' 03" and longitude W. 81° 10' 18";

THENCE, South 0.88 miles to a point having a latitude of N 38° 00' 17" and longitude N 81° 10' 18";

THENCE, S. 45° 00' W. 1.51 miles to a point having a latitude of N. 37° 59' 20" and longitude W. 81° 11' 11";

THENCE, West 3.29 miles to a point in the Valley Magisterial District and the Plateau Magisterial District boundary, said point having a latitude N. 37° 59' 20" and longitude W. 81° 15' 06";

THENCE, N. 45° 00' W.,1.07 miles to a point having a latitude of N. 38° 00' 00" and longitude 81° 15' 55";

THENCE, West 2.23 miles to a point having a latitude of N. 38° 00' 00" and longitude W. 81° 18' 22";

THENCE, North 2.62 miles to a point having a latitude of N. 38° 02' 18" and longitude W. 81° 18' 22";

THENCE, N. 45° 00' E. 0.86 mile to a point having a latitude of N. 38° 02' 49" and longitude W.81° 17' 41";

THENCE, North 2.26 miles to a point having a latitude of N. 38° 05' 14" and longitude W. 81° 17' 41";

THENCE, N. 45° 00' W. 1.03 miles to a point having a latitude of N. 38° 05' 51" and longitude W.81° 18' 29";

THENCE, N. 45° 00' E. 1.91 miles to a point having a latitude of N. 38° 07' 01" and longitude W. 81° 16' 59";

THENCE, East 5.08 miles to a point having a latitude of N. 38° 07' 01" and longitude W. 81° 11' 24";

THENCE, South 1.54 miles to a point in the Valley Magisterial District and New Haven Magisterial District boundary, said point having a latitude of N. 38° 05' 41" and longitude W. 81° 11' 24";

THENCE, 5.17 miles following the Valley Magisterial District and New Haven Magisterial District boundary to the POINT OF BEGINNING;

Containing 52.40 square miles within the Valley and Plateau Magisterial District, Fayette County, West Virginia.

Section 2. That said Public Service District so created shall have the name and corporate title of "Page-Kincaid 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 upon Public Service Districts by the laws of the State of West Virginia, particularly Article 13-A, of Chapter 16, of the West Virginia Code, as amended.

Section 3. That the County Commission of Fayette County, West Virginia, has determined that the territory within Fayette County, West Virginia, having the above-described boundary, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties and facilities supplying both water and sewage disposal services in such territory by said Public Service District, shall be conducive to the preservation of the public health, comfort and convenience of the residents thereof.

Adopted by the County Commission of Fayette County, West Virginia, on this the 8th day of October, 1975.

President

ATTEST:

Clerk

State of West Virginia, County of Fayette:
I, IRENE K. JOHNSON, Clerk of the County Commission of Fayette County, West Virginia, hereby certify that the foregoing is a true copy from the records of my office.
In testimony whereof, I hereunto place my hand and seal of my office of said Commission this the 8 day of OCT 8 - 1975.
IRENE K. JOHNSON, Clerk
By _____ Deputy

ORDER

On this the 28th day of October, 2011, it appearing to the Fayette County Commission that the term of office of John P. David as Commissioner of the Page-Kincaid Public Service District expired on October 1, 2011, and upon recommendation of the Board it is hereby ordered that John P. David be and he is hereby reappointed as a Commissioner of said Page-Kincaid Public Service District as and of October 1, 2011, to serve for and during a period of 6 years, said term to expire October 1, 2017.

FAYETTE COUNTY COMMISSION

Matthew D. Wender, President

John H. Lopez, Commissioner

Denise A. Scalph, Commissioner

ORDER

On this the 13th day of November, 2009, it appearing to the Fayette County Commission that the term of office of James A. Kincaid, Jr. as Commissioner of the Page-Kincaid Public Service District expired on October 1, 2009, and upon recommendation of the Board it is hereby ordered that James A. Kincaid, Jr. be and he is hereby reappointed as a Commissioner of said Page-Kincaid Public Service District as and of October 1, 2009, to serve for and during a period of 6 years, said term to expire October 1, 2015.

FAYETTE COUNTY COMMISSION

Kenneth L. Eskew, President

John H. Lopez, Commissioner

Matthew D. Wender, Commissioner

OFFICIAL OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, SS:

I, John P. David, do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Commissioner, Pago-Kincaid PSD, in and for the County of Fayette, West Virginia, to the best of my skill and judgment: **SO HELP ME GOD.**

9-9-05
Date

John P. David
Signature

Taken, sworn to and subscribed to before me this 9th day of September, 2005 by John P. David.

My Commission expires January 22, 2012.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DOROTHY L. JEFFERS
P. O. BOX 53
KINCAID, WV 25119
My commission expires January 22, 2012

Dorothy L. Jeffers
Notary Public

OFFICIAL OATH OF OFFICE

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, SS:

I, James Kincaid - II, do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Treasurer, in and for the County of Fayette, West Virginia, to the best of my skill and judgment: **SO HELP ME GOD.**

12-23-09
Date

James Kincaid II
Signature

Taken, sworn to and subscribed to before me this 23 day of December, 2009 by Mary A Grant.

My Commission expires 10-29-2017.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MARY A GRANT
P. O. BOX 144 HWY 61
KINCAID, WV 25119
My commission expires October 29, 2017

Mary A Grant
Notary Public

RULES OF PROCEDURE

PAGE-KINCAID PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: PAGE-KINCAID PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at Route 61, Kincaid, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Page-Kincaid 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 Fayette 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 2nd Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

Section 3. Unless otherwise 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 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 Fayette 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 Fayette County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 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:

PAGE KINCAID PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Page-Kincaid 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 Rules of Procedure, 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 or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

06/29/88
PGKND1-O

LAW OFFICES OF
PHILIP J. TISSUE

303 JONES AVENUE
OAK HILL, WEST VIRGINIA 25901

TELEPHONE 304/469-4431 • FAX 304/469-4844
ptissue@earthlink.net

July 7, 2011

RECEIVED
11 JUL 15 AM 8:33
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Sandra Squire
Public Service Commission of West Virginia
201 Brooks Street
PO Box 812
Charleston, WV 25323

Re: Page-Kincaid Public Service District
Wastewater Extension/Phase II(a)
Johnson Branch/North Page
PSC Case No. 11-0784-PSD-CN

Dear Ms. Squire:

Please find for filing an "Affidavit of Publication" in connection with the above-captioned matter.

If you have any questions or need anything further, please do not hesitate to let me know.

Very truly yours,

Philip J. Tissue

PJT/prc
Enclosure

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS

BECKLEY, WEST VIRGINIA 25801

06/09/2011

STATE OF WEST VIRGINIA
COUNTY OF FAYETTE, to wit:

I, Michelle Dunn, being duly sworn upon my oath, do depose and
Legal Advertising Clerk for Beckley Newspapers, a corporation,
newspaper entitled The Fayette-Tribune, a Republican newspaper
been duly authorized by the board of directors of such corporatio
affidavit of publication; that such newspaper has been published
one year prior to publication of the annexed notice described belo
newspaper is regularly published twice-weekly for at least fifty w
calendar year, in the municipality of Oak Hill, Fayette County, W
that such newspaper is a newspaper of "general circulation" as tha
defined in article three ,chapter fifty-nine of the Code of West Vi
amended, within the publication area of areas of the aforesaid mu
county; that such newspaper averages in length four or more page
any cover, per issue; that such newspaper is circulated to the gene
definite price of consideration; that such newspaper is a newspap
general public resorts for passing events of a political, religious,
social nature, and for current happenings, announcements, miscel
matter, advertisements and other notices; that the annexed notice

of NOTICE OF FILING
(Description of notice)
was duly published in said newspaper once a week for 1 successi

weeks (Class 1), commencing with the issue of 06/09/2011

and ending with the issue of 06/09/2011, that said annexed notice

published on the following dates: 06/09/2011,

and that the cost of publishing said annexed notice as aforesaid w

Signed Michelle Dunn
Michelle Dunn
Legal Advertising Clerk
Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this
06/09/2011

My commission expires March 27, 2021

Notary Public of Raleigh County,
West Virginia

OFFICIAL SEAL
Notary Public, State of West Virginia
DIANA L. SLONE
Beckley Newspapers
P. O. Box 2398
Beckley, WV 25802
My commission expires March 27, 2021

COPY OF PUBLICATION

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 3rd day of June 2011.

CASE NO. 11-0784-PSD-CN

PAGE-KINCAID PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity to construct wastewater facilities to extend public sewer service to the Johnson Branch and North Page areas of the District at Kincaid, Fayette County.

NOTICE OF FILING

On June 3, 2011, Page-Kincaid Public Service District filed a verified application for a certificate of convenience and necessity to construct wastewater facilities to extend public sewer service to the Johnson Branch and North Page areas of the District at Kincaid, Fayette County.

The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

Page-Kincaid Public Service District (District) estimates that construction will cost approximately $2,400,000.00. It is proposed that the construction will be financed as follows: USDA-Rural Utilities Service Grant in the amount of $1,500,000.00; West Virginia-Infrastructure and Jobs Development Council Grant in the amount of $600,000.00; and, a USDA-Rural Utilities Service Loan in the amount of $300,000.00.

The District anticipates charging the following increased sewer rates for its customers:

RATES
First 3,000 gallons used in two-month period $14.12 per 1,000 gallons
Next 3,000 gallons used in two-month period $6.89 per 1,000 gallons
Next 4,000 gallons used in two-month period $6.78 per 1,000 gallons
Next 10,000 gallons used in two-month period $6.47 per 1,000 gallons
Over 20,000 gallons used in two-month period $5.90 per 1,000 gallons

MINIMUM MONTHLY BILL
3,000 gallons $42.35 per month

DELAYED PAYMENT PENALTY
The above tariff is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONNECTION CHARGE (if applicable)
Prior to construction - $100.00
After construction passes the premises to be served, charges for connection to system - $350.00 (gravity system) and $750.00 (grinder pump system).

These rates represent the following project-related increases:

	($)INCREASE	(%)INCREASE
Residential	$50,803.00	24.08%
Commercial	$328.00	7.20%

The proposed increased rates and charges will produce approximately $51,131.00 annually in additional revenue (project related), an increase of 12.37%.

The District does not have any resale customers.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges among the various classes of customers are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Anyone wishing to protest or intervene should file a written protest or notice of intervention within thirty (30) days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

In the absence of substantial protest received within thirty (30) days of this publication, the Commission may waive formal hearing and grant the application based on the Commission's review of the evidence with the application.

PAGE-KINCAID PUBLIC SERVICE DISTRICT

6-9-THU-1-FT: LG 290

PAGE-KINCAID PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

EXCERPT OF MINUTES

The undersigned SECRETARY of Page-Kincaid Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

*** *** ***

Page-Kincaid Public Service District met in special session, pursuant to notice duly posted, on the 11th day of June, 2013, in Fayette County, West Virginia, at the hour of 10:00 a.m.

PRESENT: James A. Kincaid, Jr. - Chairman
John P. David - Secretary
Bart Jackson (PSD)
Teresa Miller, USDA
Phil Tissue
Bob Hazelwood, Pentree
Tom Oxley, Pentree
Alice King, Region 4
Todd Swanson, Steptoe & Johnson
Katy Mallory, Steptoe & Johnson

ELECTION OF OFFICERS

James A. Kincaid, Jr., Chairman, presided, and John P. David, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

James Kincaid was nominated as Chairman for calendar year 2013. It was unanimously voted that James Kincaid act as Chairman for calendar year 2013.

John David was nominated as Secretary for calendar year 2013. It was unanimously voted that John David act as Secretary for calendar year 2013.

BOND RESOLUTION

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM OF PAGE-KINCAID PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

DRAW RESOLUTION

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by James Kincaid and seconded by John David, it was unanimously ordered that the said Draw Resolution be adopted.

USDA FORMS

A motion was made by James Kincaid and seconded by John David to approve the RUS Bulletin 1780-12 "Water or Waste System Grant Agreement"; USDA Form 1940-1 "Request for Obligation of Funds", and USDA Form 1942-46 "Letter of Intent to Meet Letter of Conditions". A vote was held and the motion passed.

*** *** ***

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

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Page-Kincaid Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 13th day of June, 2013.

Secretary

683950.00002

PAGE-KINCAID PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

EXCERPT OF MINUTES

The undersigned SECRETARY of Page-Kincaid Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

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DRAW RESOLUTION

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by James Kincaid and seconded by John David, it was unanimously ordered that the said Draw Resolution be adopted.

USDA FORMS

A motion was made by James Kincaid and seconded by John David to approve the RUS Bulletin 1780-12 "Water or Waste System Grant Agreement"; USDA Form 1940-1 "Request for Obligation of Funds", and USDA Form 1942-46 "Letter of Intent to Meet Letter of Conditions". A vote was held and the motion passed.

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

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CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Page-Kincaid Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 13th day of June, 2013.

Secretary

683950.00002

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 13, 2013

ISSUE: Page-Kincaid Public Service District
Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture)

ADDRESS: P.O. Box 165, Kincaid, West Virginia 25119 COUNTY: Fayette

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: June 13, 2013

CLOSING DATE: June 13, 2013

ISSUE AMOUNT: $300,000

RATE: 3.500%

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT N/A

PAYING AGENT: Issuer

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm:
Contact:
Phone:

CLOSING BANK:
Bank: N/A
Contact:
Phone:

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: James Kincaid
Position: Chairman
Phone: 304.465.1045

OTHER:
Agency: United States Department of Agriculture
Contact: Teresa Miller
Position: Rural Development Specialist
Phone: 304.253.9597 x 163

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. Fun $ ____
____ To Other: ____ $ ____

NOTES: Monthly debt service payments will be made directly to the National Finance Office.
The Municipal Bond Commission will only hold the Series 2013 A Bonds Reserve Account.
Payments into the Series 2013 A Bonds Reserve Account will commence 24 months following the date hereof.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

20-1046

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

350 CAPITOL STREET, ROOM 313 CHARLESTON, WV 25301-3713
Telephone 304-558-2981

PERMIT

(Sewer)
PROJECT: North Page/Johnson Branch Sewer Extensions **PERMIT NO.:** 18,722

LOCATION: North Page/Hamilton **COUNTY:** Fayette **DATE:** 1-11-2011

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

Page Kincaid Public Service District
P. O. Box 165
Kincaid, West Virginia 25119

is hereby granted approval to: install approximately 2,760 LF of 6" sewer line; 12,610 LF of 4" variable grade sewers; 54 septic tanks; one (1) 44.3 GPM duplex submersible sewage pump station; one (1) 52.5 GPM duplex submersible sewage pump station; eight (8) simplex grinder pump stations; three (3) duplex grinder pump stations; approximately 6,735 LF of 3", 1,360 LF of 2" and 5,410 LF of 1.5" force main; and all necessary valves, controls and appurtenances.

Facilities are to serve 82 customers in the North Page/Johnson Branch areas in the Page Kincaid Public Service District.

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

The Environmental Engineering Division of the **Beckley District Office (304) 256-6666** is to be notified when construction begins.

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

FOR THE DIRECTOR

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

WSH:plk
pc: Pentree, Inc
Katheryn Emery, P.E., DEP
Ingrid Ferrell, PSC-Engineering Division
Amy Swann, PSC-Water and Wastewater Division
Fayette County Health Department
OEHS-EED Beckley District Office

OWR Permit Details

(1)OWR Permit	
PERMITTEE	PAGE-KINCAID PSD
DEP OFFICE	OWR
PERMIT ID	WV0084425
ISSUE/REISSUE DATE	09/10/10
EXPIRATION DATE	09/09/15
FACILITY NAME	Page-Kincaid PSD
DESCRIPTION	
No. of CUSTOMERS	440
DISTURBED ACRES	
SLUDGE TONNAGE	
DESIGN FLOW(MGD)	0.124000
AVERAGE FLOW(MGD)	
MAJOR FACILITY	N
EXTENSION DATE	

(2) County / Quad	
County: Fayette	Quad: POWELLTON
County: Fayette	Quad: BECKWITH

(6) Inspectable Units	
INSPECTABLE UNIT CODE	TYPE
ENTIRE	Entire Default
IU01	Industrial Users(Pretreatment)
001	Outlet
002	Outlet
003	Outlet
S01	Sludge

(6) Permit Geography		
INSPECTABLE UNIT CODE:	001	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 3'38.0000"	
LONGITUDE:	81° 15'56.0000"	
COUNTY:	Fayette	
INSPECTABLE UNIT CODE:	002	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		

LATITUDE:	38° 4'33.0000"	
LONGITUDE:	81° 13'58.0000"	
COUNTY:	Fayette	
INSPECTABLE UNIT CODE:	003	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 0'57.0000"	
LONGITUDE:	81° 14'15.0000"	
COUNTY:	Fayette	
INSPECTABLE UNIT CODE:	ENTIRE	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 3'38.0000"	
LONGITUDE:	81° 15'56.0000"	
COUNTY:	Fayette	
INSPECTABLE UNIT CODE:	IU01	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 3'38.0000"	
LONGITUDE:	81° 15'56.0000"	
COUNTY:	Fayette	
INSPECTABLE UNIT CODE:	S01	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	38° 3'39.0000"	
LONGITUDE:	81° 15'56.0000"	
COUNTY:	Fayette	
USWRC WATERSHED:	Upper Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Upper Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Upper Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Upper Kanawha River	
SCS WATERSHED:	Kanawha River	
USWRC WATERSHED:	Upper Kanawha River	
SCS WATERSHED:	Loop Creek	

PSC ORDER

Position 5

RUS BULLETIN 1780-27

AMENDED

APPROVED
OMB. No. 0572-0121

LOAN RESOLUTION

(Public Bodies)

A RESOLUTION OF THE Board of Directors

OF THE Page-Kincaid Public Service District

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

Sewer

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Page-Kincaid Public Service District
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

Three Hundred Thousand

pursuant to the provisions of Chapter 16, Article 13A; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning. financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly per-missible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and mainte-nance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as John David of the Page-Kincaid Public Service District

hereby certify that the Board of Directors of such Association is composed of

_____ members, of whom , _____ constituting a quorum, were present at a meeting thereof duly called and

held on the 11th day of June ; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of June 13, 2013 ,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 13th day of June

John David

Title Secretary

Approved OMB.No. 0572-0121
RUS Bulletin 1780-12

AMENDED

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

THIS AGREEMENT dated June 11, 2013 between

Page-Kincaid Public Service District

a public corporation organized and operating under

Chapter 16, Article 13A
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under jurisdiction at an estimated cost of $2,480,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than $900,000 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of $900,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed $1,580,000 or 63.71% percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to

Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 63.71% percent of the development costs, as defined by applicable Rural Utilities Service Instructions. GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, **as approved by the West Virginia Public Service Commission,** as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return. ***[Revision 1, 04/17/1998]***

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above. ***[Revision 1, 04/17/1998]***

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than $5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of $5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland ``Anti-Kick Back'' Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term ``facility'' means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed **1,580,000.00** which it will advance to Grantee to meet not to exceed **63.71%** percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

and attested and its corporate seal affixed by its duly authorized

Secretary

Attest:

By: _____
John David

(Title) **Secretary**

By: _____
James Kincaid, Jr.

(Title) **Chairman**

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: _____ **Rural Development Specialist**
TERESA A. MILLER (Title)

IC-2
(03/11)

GRANT AGREEMENT
(95S-360b)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), at the direction of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the PAGE-KINCAID 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 $600,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

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

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

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources. The Project budget shall not be amended unless the Governmental Agency has received the prior written consent of the Council.

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. Unless agreed to by the Council prior to the commencement of construction, the Grant shall be the last dollars expended on the Project.

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 Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit B, unless the Council and Authority are provided replacement instructions in writing.

6. 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.

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

8. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

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

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

PAGE-KINCAID PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman
Date: June 13, 2013

(SEAL)

Attest: _____

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: June 13, 2013

(SEAL)

Attest: _____

Its: Authorized Officer

Exhibit A

Project Description

The Project consists of upgrades to the existing Governmental Agency's sewer treatment plant and extension of collection lines to serve 62 new customers.

Number of Proposed New Customers to Be Served: 62
Location: Johnson Branch and North Page areas

[TO BE PLACED ON LETTERHEAD]

Exhibit B

Wiring Instructions

Page-Kincaid Public Service District
P. O Bog 165
Kincaid, West Virginia 25119

Payor:	**West Virginia Water Development Authority**
Source:	**Grant Proceeds**
Amount:	**$_____**
Date:	**_____**
Form:	**Electronic Funds Transfer**
Payee:	**Page-Kincaid Public Service District** **P. O Bog 165, Kincaid, West Virginia 25119**
Contact Name:	**_____**
Telephone:	**(304) _____**
Bank Name:	**Branch Banking & Trust Company**
Bank Street Address:	**101 Main Street, Oak Hill, WV 25901**
Bank Contact:	**Bruce Tallamy**
Telephone:	**(304) 872-3131**
ABA:	**051503394**
Account #:	**0005175831578**
Account:	**Series 2013 A Bonds Project Construction Account**

PAGE-KINCAID PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

The undersigned duly authorized representative of Branch Banking and Trust Company, Oak Hill, West Virginia (the "Bank"), hereby certifies that on June 13, 2013, the Bank received an automated transfer in the amount of $200,117.59 to the credit of the Series 2013 Bonds Construction Trust Fund, Account Number 0005175831578.

WITNESS my signature on this 13th day of June, 2013.

BRANCH BANKING AND TRUST COMPANY

By: Jack Hagy Banking Officer
Its: Authorized Officer

683950.00002

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **June 13, 2013**

Re: **Page Kincaid Public Service District**
Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

DISBURSEMENTS TO DISTRICT:

Payor:	United States Department of Agriculture
Source:	Series 2013 A Bonds Proceeds
Amount:	$200,117.59
Form:	ACH
Payee:	Page Kincaid Public Service District
Bank:	Branch Banking & Trust Company, 101 Main Street, Oak Hill, WV 25901
Routing #:	051503394
Account #:	0005175831578
Contact:	Sara Legg, 304.872.8201
Account:	Series 2013 A Bonds Project Construction Account

Payor:	West Virginia Infrastructure & Jobs Development Council
Source:	Grant Proceeds
Amount:	$9,025.43
Form:	Wire
Payee:	Page Kincaid Public Service District
Bank:	Branch Banking & Trust Company, 101 Main Street, Oak Hill, WV 25901
Routing #:	051503394
Account #:	0005175831578
Contact:	Sara Legg, 304.872.8201
Account:	Series 2013 A Bonds Project Construction Account

97S-360b
RESOLUTION OF THE
PAGE KINCAID PUBLIC SERVICE DISTRICT
APPROVING INVOICES RELATING TO SERVICES FOR THE PROPOSED SEWER PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Page Kincaid Public Service District, has reviewed the invoices attached hereto and incorporated herein by reference in relation to the Project funded in part by the Infrastructure & Jobs Development Council (IJDC), and USDA Rural Utilities Service (RUS) and find as follows:

a) That none of the items for which 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 paid 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.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED Page Kincaid Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	IJDC Grant	RUS
Pentree	179,000.00	0.00	179,000.00
Steptoe & Johnson	10,000.00	0.00	10,000.00
Region IV	9,025.43	9,025.43	0.00
Page Kincaid PSD	10,724.00	0.00	10,724.00
Region IV (ads)	393.59	0.00	393.59
TOTAL	209,143.02	9,025.43	200,117.59

ADOPTED BY the Page Kincaid Public Service District, at the meeting held on the 11th day of June, 2013

Page Kincaid Public Service District

By: _____

Its: Chairman

WEST VIRGINIA
Water Development Authority
Celebrating 37 Years of Service 1974 - 2013

June 13, 2013

Page-Kincaid Public Service District
Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Bassett & Lowe, independent certified public accountants, and the opinion of Steptoe & Johnson PLLC, bond counsel, that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the Prior Bonds, hereinafter defined, hereby consents to (a) the issuance of the Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture), in the original aggregate principal amount of $300,000, (the "Bonds") by the Page-Kincaid Public Service District (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: (i) Sewer Revenue Bonds, Series 1988 A (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount f $112,000 (the "Series 1988 A Bonds"); and (ii) Sewer Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), dated June 11, 2009, issued in the original aggregate principal amount of $470,000 (the "Series 2009 B Bonds"); and (b) the issuance of the Bonds senior and prior to the Issuer's outstanding Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority),dated July 1, 1988, issued in the original aggregate principal amount of $28,000 (the "Series 1988 B Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Sheila A. Miller

Authorized Representative

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

USDA

United States Department of Agriculture

Rural Development

West Virginia State Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

Voice 304.284.4860
1.800.295.8228
Fax 304.284.4893

June 13, 2013

Page-Kincaid Public Service District
Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Sewer Revenue Bonds, Series 2013 A (United States Department of Agriculture), in the original aggregate principal amount of $300,000, (the "Bonds"), by Page-Kincaid Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding: (1) Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated June 16, 1993, issued in the original aggregate principal amount of $120,000 (the "Series 1993 Bonds"); and (2) Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated June 11, 2009, issued in the original aggregate principal amount of $550,000 (the "Series 2009 A Bonds"); (collectively, the "RUS Bonds") and (ii) waives the coverage requirement to 115% imposed by the RUS Bonds regarding the issuance of parity bonds.

WITNESSETH my signature on this 13th day of June, 2013.

State Director

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

PAGE-KINCAID PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1988 A AND SERIES 1988 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES RESOLUTION

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08/08/88
PGKND2-B

PAGE-KINCAID PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF PAGE-KINCAID 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 1988 A, NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN $1,500,000 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; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF PAGE-KINCAID 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. Page-Kincaid Public Service District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Fayette County of said State.

B. The Issuer does not presently own or operate a public sewage treatment, collection or transportation system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewerage facilities of the Issuer, consisting of gravity collection lines, pump stations, holding tanks, a treatment plant and all appurtenant facilities (the "Project") which constitute properties for the collection, transportation and treatment 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 $1,953,400, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

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 1988 A Bonds in the aggregate principal amount of not more than $200,000, and the Series 1988 B Bonds in the aggregate principal amount of not more than $100,000 (collectively, the "Original Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon as practicable thereafter, 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 $1,500,000 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 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 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 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 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 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 June 2, 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.

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 1988 B Bonds shall be junior and subordinate to the Series 1988 A Bonds as set forth herein. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from 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 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, the time for rehearing and appeal of which have expired or will have expired prior to issuance of the Original Bonds.

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 enactment hereof.

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

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

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

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

"Bond Legislation," "Resolution," "Bond 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.

"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.

"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 Rude & Associates, Inc., Charleston, 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.

"County Grant" means the grant from The County Commission of Fayette County pursuant to the commitment therefor.

"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 Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Series 1988 A Bonds, plus

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

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

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

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

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

"Grant Agreement" means a written commitment for the payment of the 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 Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1988 A Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1988 A Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1988 A Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior bonds and which are deemed to become proceeds of the Series 1988 A Bonds ratably as original proceeds of the Series 1988 A Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds,

investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Series 1988 A Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the 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 Bonds by the Issuer;

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, 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 Page-Kincaid Public Service District, in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, both dated June 2, 1988, entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer ratified and confirmed by, this Resolution or a resolution adopted by the Issuer prior to the adoption of this Resolution.

"Net Proceeds" means the face amount of the Series 1988 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the 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 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 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" or "GAN" means collectively, the not more than $1,500,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than $1,500,000 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 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 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 1988 A Bonds and the not more than $100,000 in aggregate principal amount of Series 1988 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event grant anticipation notes are issued, such 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 EPA Grant, the County Commission Grant, the State Grant and 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 authenticated and 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 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 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, 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.

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

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain sanitary sewerage facilities of the Issuer, consisting of gravity collection lines, pump stations, holding tanks, a treatment plant and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Series 1988 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 1988 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 1988 A Bonds of each maturity is sold or, if the Series 1988 A Bonds are privately placed, the price paid by the first buyer of the Series 1988 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1988 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1988 A Bonds.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

Investors Service, Inc. or Standard & Poor's Corporation.

"Registered Owner," "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.

"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.

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

"Series 1988 A Bonds" or "Series A Bonds" means the not more than $200,000 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 "Series B Bonds" means the not more than $100,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 B, 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.

"State" means the State of West Virginia.

"State Grant" means the Small Cities Block Grant from the State pursuant to the commitment therefor.

"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 Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

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

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

"Trustee" means the banking institution 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, 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 $1,953,400, 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 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 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, 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 1988 A," in the aggregate principal amount of not more than $200,000, and "Sewer Revenue Bonds, Series 1988 B," in the aggregate principal amount of not more than $100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. 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 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; Series 1988 B Bonds to be Junior and Subordinate to Series 1988 A Bonds. The payment of the debt service of all the Series 1988 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 1988 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 1988 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 Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1988 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PAGE-KINCAID PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1988 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That PAGE-KINCAID PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 19____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of 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 new sewage collection, transportation and treatment 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. 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 $_____, which Series 1988 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the 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 1988 A Bonds Reserve Account"), and unexpended proceeds of the Bonds 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 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 required in any year to pay the principal of and interest on the Bonds, the Series 1988 B Bonds, and all other obligations secured by

a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1988 B 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 and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, PAGE-KINCAID 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

(Form of)

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

(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 1988 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PAGE-KINCAID PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1988 B

No. BR-____ $_____

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

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection, transportation and treatment 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. 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 THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1988 A, OF THE ISSUER (THE "SERIES 1988 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN 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 account of the Series 1988 A Bonds herein described and all 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 required in any year to pay the principal of and interest, if any, on the Bonds, 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 with the Series 1988 A Bonds or the 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 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, PAGE-KINCAID 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

(Form of)

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

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved.

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 an aggregate principal amount not to exceed $1,500,000. 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, Surplus Revenues, 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 $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 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 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; 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 1988 A Bonds Sinking Fund;

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

(2) Series 1988 B Bonds Sinking Fund;

(a) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 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 1988 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 1988 A Bonds Sinking Fund, a sum

equal to 1/6th of the amount of interest which will become due on said Series 1988 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1988 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 next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1988 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1988 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 next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1988 A Bonds, if not fully funded upon issuance of the Series 1988 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1988 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 1988 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 1988 A Bonds Reserve Account. All funds in the Renewal and

Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1988 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(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 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1988 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(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 1988 B Bonds, if not fully funded upon issuance of the Series 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1988 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 1988 B Bonds Reserve Requirement.

Moneys in the Series 1988 A Bonds Sinking Fund and the Series 1988 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 1988 A Bonds Reserve Account and the Series 1988 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, 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 1988 A Bonds Reserve Account which result in a reduction in the balance of the Series 1988 A Bonds Reserve Account to below the Series 1988 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1988 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1988 B Bonds Reserve Account which result in a reduction in the balance of the Series 1988 B Bonds Reserve Account to below the Series 1988 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1988 B Bonds Sinking Fund 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 the then current or any succeeding year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1988 A Bonds Sinking Fund, or the Series 1988 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

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

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

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

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

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the 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 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.

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

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. From the proceeds of the Series 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 made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

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

E. The Depository Bank shall act as a trustee and fiduciary for the 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 Bonds, and thereafter for the Series 1988 B 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.

Except as provided in Section 6.01 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 when fully funded to the Series 1988 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys

in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1988 B 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 Bonds.

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, 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 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 7.03 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, if any, 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 1988 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 1988 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 1988 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking 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 July 16, 1987 (Case No. 86-593-S-CN).

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 Series 1988 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable

from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1988 A Bonds and the Series 1988 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1988 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1988 A Bonds, unless the Series 1988 B Bonds are no longer outstanding.

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

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

(1) The Bonds then Outstanding;

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

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds 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 Series 1988 A Bonds and the Series 1988 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1988 A Bonds or the Series 1988 B Bonds.

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

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

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds 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; 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 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.

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.

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, 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 1988 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1988 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 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 and any additional records with respect to such funds, accounts and investment earnings 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 in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection D, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the Issuer shall assure that investment transactions are on an arm's length basis and

that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

F. MAINTENANCE OF RECORDS. The Issuer shall keep, and retain for a period of 6 years following the retirement of the Bonds, records of the determinations made pursuant to this Section 8.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate.

H. FURTHER AGREEMENT. Notwithstanding the foregoing, the Issuer further covenants to comply with all Regulations from time to time in effect and applicable to the Bonds, as may be necessary in order to fully comply with Section 148(f) of the Code.

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.

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.

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 1988 B Bonds shall be subject to those of the Holders of the Series 1988 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 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 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 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 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 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 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 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 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

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

its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1988 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 1988 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 1988 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 1988 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

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

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, 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 Notes, the Series 1988 A Bonds or the Series 1988 B 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.

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

Section 11.07. 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 Page-Kincaid 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 30th day of June, 1988.

Kenneth D. Fox
Chairman, Public Service Board

John P. Lund
Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution adopted by the Public Service Board of Page-Kincaid Public Service District on the 30th day of June, 1988.

Dated: July 1, 1988.

[SEAL]

Secretary, Public Service Board

06/29/88
PGKND2/3-A/A

"EXHIBIT A"

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

PAGE-KINCAID PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1988 A and Series 1988 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1988 A AND SERIES 1988 B AND SEWERAGE SYSTEM INTERIM CONSTRUCTION FINANCING OF PAGE-KINCAID PUBLIC SERVICE DISTRICT; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the public service board (the "Governing Body") of Page-Kincaid Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective June 30, 1988 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF PAGE-KINCAID 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 1988 A, NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN $1,500,000 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; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND

PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND 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 not to exceed $300,000, to be issued in two series, the Series 1988 A Bonds to be in an aggregate principal amount of not more than $200,000 (the "Series 1988 A Bonds") and the Series 1988 B Bonds to be in an aggregate principal amount of not more than $100,000 (the "Series 1988 B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1988 A Bonds dated June 2, 1988, and a supplemental loan agreement relating to the Series 1988 B Bonds, also dated June 2, 1988 (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 West Virginia Code, 1931, as amended, Chapter 16, Article 13A (the "Act"); and in the Bond 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 Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PAGE-KINCAID PUBLIC SERVICE DISTRICT:

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

(A) The Sewer Revenue Bonds, Series 1988 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $112,000. 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 October 1, 1988, 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, which Schedule X is hereby specifically approved.

(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 $28,000. 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, which Schedule X is hereby specifically approved.

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

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

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

Section 4. The Issuer does hereby appoint and designate 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 One Valley Bank of Oak Hill, Oak Hill, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1988 A Bonds proceeds in the amount of $2,520 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 $-0- shall be deposited in the Series 1988 A Bonds Reserve Account and Series 1988 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1988 B Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds and repayment of any borrowings previously incurred for the Project.

Section 10. 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 borrowings from West Virginia Water Development Authority, and any borrowings incurred for the purpose of paying costs of design of the Project.

Section 11. 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 July 1, 1988, to the Authority pursuant to the Loan Agreement.

Section 12. 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 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund, until further directed by the Issuer.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

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

Adopted this 30th day of June, 1988.

PAGE-KINCAID PUBLIC SERVICE DISTRICT

Kenneth B. Fox
Chairman

06/29/88
PGKND1-B

(SPECIMEN SERIES 1988 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PAGE-KINCAID PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1988 A

No. AR-1 $112,000

KNOW ALL MEN BY THESE PRESENTS: That PAGE-KINCAID PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE HUNDRED TWELVE THOUSAND DOLLARS ($112,000), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1988. 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 June 2, 1988.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection, transportation and treatment facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bond 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 June 30, 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 $28,000, which Series 1988 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the 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 1988 A Bonds Reserve Account"), and unexpended proceeds of the Bonds 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 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 required in any year to pay the principal of and interest on the Bonds, the Series 1988 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1988 B 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 and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a

part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, PAGE-KINCAID 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 July 1, 1988.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

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: July 1, 1988

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER

----------1988 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	DEBT SERVICE
1988	9.00		2,520.00	2,520.00
1989	9.00		10,080.00	10,080.00
1990	9.00	362	10,080.00	10,442.00
1991	9.00	395	10,047.42	10,442.42
1992	9.00	431	10,011.87	10,442.87
1993	9.00	469	9,973.08	10,442.08
1994	9.00	512	9,930.87	10,442.87
1995	9.00	558	9,884.79	10,442.79
1996	9.00	608	9,834.57	10,442.57
1997	9.00	662	9,779.85	10,441.85
1998	9.00	722	9,720.27	10,442.27
1999	9.00	787	9,655.29	10,442.29
2000	9.00	858	9,584.46	10,442.46
2001	9.00	935	9,507.24	10,442.24
2002	9.00	1,019	9,423.09	10,442.09
2003	9.00	1,111	9,331.38	10,442.38
2004	9.00	1,211	9,231.39	10,442.39
2005	9.00	1,320	9,122.40	10,442.40
2006	9.00	1,439	9,003.60	10,442.60
2007	9.00	1,568	8,874.09	10,442.09
2008	9.00	1,709	8,732.97	10,441.97
2009	9.00	1,863	8,579.16	10,442.16
2010	9.00	2,031	8,411.49	10,442.49
2011	9.00	2,214	8,228.70	10,442.70
2012	9.00	2,413	8,029.44	10,442.44
2013	9.00	2,630	7,812.27	10,442.27
2014	9.00	2,867	7,575.57	10,442.57
2015	9.00	3,125	7,317.54	10,442.54
2016	9.00	3,406	7,036.29	10,442.29
2017	9.00	3,713	6,729.75	10,442.75
2018	9.00	4,047	6,395.58	10,442.58
2019	9.00	4,411	6,031.35	10,442.35
2020	9.00	4,808	5,634.36	10,442.36
2021	9.00	5,241	5,201.64	10,442.64
2022	9.00	5,712	4,729.95	10,441.95
2023	9.00	6,226	4,215.87	10,441.87
2024	9.00	6,787	3,655.53	10,442.53
2025	9.00	7,398	3,044.70	10,442.70
2026	9.00	8,063	2,378.88	10,441.88
2027	9.00	8,789	1,653.21	10,442.21
2028	9.00	9,580	862.20	10,442.20
		112,000	307,352.11	419,352.11

(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:

_____

06/29/88
PGKND1-E

(SPECIMEN SERIES 1988 B Bond)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PAGE-KINCAID PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1988 B

No. BR-1 $28,000

KNOW ALL MEN BY THESE PRESENTS: That PAGE-KINCAID PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette 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 TWENTY-EIGHT THOUSAND DOLLARS ($28,000), 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 June 2, 1988.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage collection, transportation and treatment 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. 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 June 30, 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 THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1988 A, OF THE ISSUER (THE "SERIES 1988 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $112,000 AND DESCRIBED IN 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 account of the Series 1988 A Bonds herein described and all 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 required in any year to pay the principal of and interest, if any, on the Bonds, 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 with the Series 1988 A Bonds or the 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 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, PAGE-KINCAID 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 July 1, 1988.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

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: July 1, 1988

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

ANALYSIS OF 7.50% BORROWING LIMIT FOR LOCAL ISSUER

----------1988 SERIES B BONDS ----------

	ZERO COUPON BONDS
1988	
1989	
1990	718.00
1991	718.00
1992	718.00
1993	718.00
1994	718.00
1995	718.00
1996	718.00
1997	718.00
1998	718.00
1999	718.00
2000	718.00
2001	718.00
2002	718.00
2003	718.00
2004	718.00
2005	718.00
2006	718.00
2007	718.00
2008	718.00
2009	718.00
2010	718.00
2011	718.00
2012	718.00
2013	718.00
2014	718.00
2015	718.00
2016	718.00
2017	718.00
2018	718.00
2019	718.00
2020	718.00
2021	718.00
2022	718.00
2023	718.00
2024	718.00
2025	718.00
2026	718.00
2027	718.00
2028	716.00
	28,000.00

(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:

_____

06/29/88
PGKND1-F

PAGE-KINCAID PUBLIC SERVICE DISTRICT

Sewer Revenue Bond, Series 1993

BOND RESOLUTION

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PAGE-KINCAID PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $120,000 SEWER REVENUE BOND, SERIES 1993, OF PAGE-KINCAID PUBLIC SERVICE DISTRICT, ON A PARITY WITH THE OUTSTANDING 1988 A BONDS AND SENIOR AND PRIOR TO THE OUTSTANDING 1988 B BONDS OF THE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM OF THE DISTRICT AND ALL APPURTENANT FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF PAGE-KINCAID PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution 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. Page-Kincaid Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Fayette County of said State, duly created pursuant to the Act by The County Commission of Fayette County.

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

A. The Issuer now has a public sewerage system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of improvements and extensions to such existing sewerage facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain improvements to and extensions of the existing sewerage facilities of the Issuer, consisting of approximately 8,980 feet of 6-inch gravity sewer pipe, 7,145 feet of force main sewer pipe, 14 manholes, 59 cleanouts, 20 grinder pumps, and a package sewage treatment plant to provide sewer service to approximately 100 customers at Beards Fork, Fayette County, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further extensions or improvements thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is $974,535, of which $120,000 will be obtained from the proceeds of sale of the Bond herein authorized, $666,901 from a grant by the United States Environmental Protection Agency, and $187,634 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

E. It is necessary for the Issuer to issue its revenue bond in the principal amount of $120,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing

authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project.

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

G. There is outstanding an obligation of the Issuer which will rank on a parity with the Bond as to liens, pledge and source of and security for payment, being the Sewer Revenue Bonds, Series 1988 A (the "1988 A Bonds"), dated July 1, 1988, issued in the original principal amount of $112,000, and held by West Virginia Water Development Authority.

There is outstanding an obligation of the Issuer which will rank junior and subordinate to the Bond as to liens, pledge and source of and security for payment, being the Sewer Revenue Bonds, Series 1988 B (the "1988 B Bonds"), dated July 1, 1988, issued in the original principal amount of 28,000, and held by West Virginia Water Development Authority. The 1988 A Bonds and the 1988 B Bonds are hereinafter collectively referred to as the "Prior Bonds".

Other than the Prior Bonds, there are no outstanding bonds or obligations which are secured by or payable from revenues or assets of the System.

The Issuer is not in default under the terms of the Prior Bonds, or any resolution authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

The Issuer has outstanding its $941,000 Water Revenue Bond, Series 1980, and its $96,000 Water Revenue Bond, Series 1993, which are not payable from or entitled to any lien on or pledge of any of the revenues of the System, or a statutory mortgage lien thereon.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated July 22, 1992, and all amendments thereto, if any (the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of 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 Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the registered owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

Section 1.04. Definitions. Terms not otherwise defined herein shall have the same meanings as in the 1988 Resolution when used herein. The following terms shall have the following meanings herein unless the text otherwise expressly requires:

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

"Bond" means the Sewer Revenue Bond, Series 1993, authorized hereby.

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

"Bonds" means, collectively, the Bond, the 1988 A Bonds and the 1988 B Bonds.

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

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

"Chairman" means the Chairman of the Governing Body.

"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 Engineer" means Pentree, Inc., Princeton, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means One Valley Bank of Oak Hill, Oak Hill, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Page-Kincaid Public Service District, in Fayette County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated July 22, 1992, and all amendments thereto, if any.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative

expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bond and into the 1993 Reserve Account and the Renewal and Replacement Fund have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the 1988 A Bonds and the 1988 B Bonds.

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

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

"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 (hereinbefore defined) 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 or Standard & Poor's Corporation.

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

"Registrar" means the Issuer, which shall usually so act by its Secretary.

"Resolutions" means, collectively, the 1988 Resolution and the Bond Legislation.

"1988 Resolution" or "Prior Resolution" means the resolution of the Issuer adopted June 30, 1988, authorizing the 1988 A Bonds and the 1988 B Bonds.

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

"Secretary" means the Secretary of the Governing Body.

"System" means the existing sewerage system of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the sewerage system of the Issuer.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall

include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender.

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 the acquisition and construction of the Project, at an estimated cost of $974,535, 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 Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Sewer Revenue Bond, Series 1993," is hereby authorized to be issued in the aggregate principal amount of not exceeding $120,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 5% per annum, and shall be sold for the par value thereof.

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

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Registrar. The Issuer shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bond shall initially be fully registered as to both principal and interest in the name of the United States of America, Farmers Home Administration. So long as the Bond shall be registered in the name of the United States of America, Farmers Home Administration, the address of the United States of America, Farmers Home Administration, for registration purposes shall be Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America, Farmers Home Administration.

Section 3.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and

substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, on a parity with the liens and pledge of the 1988 A Bonds and senior and prior to the liens and pledge of the 1988 B Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due as herein provided.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

PAGE-KINCAID PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 1993

$120,000

No. R-1 Date: _____

FOR VALUE RECEIVED, PAGE-KINCAID PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED TWENTY THOUSAND DOLLARS ($120,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $590, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted authorizing issuance of this Bond (the "Resolution").

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

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

This Bond is on a parity as to liens, pledge and source of and security for payment from such revenues, and in all other respects, with the 1988 A Bonds, defined and described in the Resolution.

This Bond is senior and prior as to liens, pledge and source of and security for payment from such revenues, and in all other respects, to the 1988 B Bonds, defined and described in the Resolution.

IN WITNESS WHEREOF, PAGE-KINCAID PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PAGE-KINCAID PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

P.O. Box 165
(P. O. Box No. or Street Address)

Kincaid, West Virginia 25119
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

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

[Form of Assignment]

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:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment and Continuation of Funds and Accounts with Depository Bank and Commission. A. The following special funds or accounts are created and established with (or continued if previously established by the 1988 Resolution), and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the 1988 Resolution and continued hereby);

(2) 1993 Reserve Account;

(3) Renewal and Replacement Fund (established by the 1988 Resolution and continued hereby); and

(4) Project Construction Account.

B. The following special funds or accounts previously established by the 1988 Resolution for the Prior Bonds are hereby continued with the Commission:

(1) Series 1988 A Bonds Sinking Fund;

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

(2) Series 1988 B Bonds Sinking Fund;

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

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

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

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the reserve accounts of the respective Bonds, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holders of the Bonds as follows:

A. REVENUE FUND. 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 the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of Section 5.03 of the 1988 Resolution not otherwise modified herein:

(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, (a) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1988 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 1988 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1988 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1988 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; (b) simultaneously with the transfer set forth in Subsection 4.03B(2)(a), on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1988 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1988 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date; and (c) simultaneously with the transfers set forth in Subsections 4.03B(2)(a) and (b), on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bond (or such other place as may be subsequently designated pursuant to the Bond), the amounts required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue. All payments with respect to principal of and interest on the Series 1988 A Bonds and the Bond shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, (a) on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1988 A Bonds, if not fully funded upon issuance of the Series 1988 A Bonds,

apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 A Bonds Reserve Requirement (as defined in the 1988 Resolution); provided, that no further payments shall be made into the Series 1988 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 1988 A Bonds Reserve Requirement (as defined in the 1988 Resolution); and (b) simultaneously with the transfer set forth in Subsection 4.03B(3)(a), on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the 1993 Reserve Account, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum amount of principal and interest which will become due on the Bond in any year, until the amount in the 1993 Reserve Account equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the 1993 Reserve Account, the Issuer shall monthly deposit into the 1993 Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for the payments hereinabove provided, as shall be required to maintain the Minimum Reserve in the 1993 Reserve Account. Moneys in the 1993 Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) 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, and as previously set forth in the 1988 Resolution and not in addition thereto, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1988 A Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII of the 1988 Resolution. 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 1988 A Bonds Reserve

Account or the 1993 Reserve Account [except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4) of the 1988 Resolution and Section 4.03B(3) hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, 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 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1988 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1988 B Bonds, if not fully funded upon issuance of the Series 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 B Bonds Reserve Requirement (as defined in the 1988 Resolution); provided, that no further payments shall be made into the Series 1988 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 1988 B Bonds Reserve Requirement (as defined in the 1988 Resolution).

(7) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any ("Surplus Revenues"), may be used to prepay installments of the Series 1988 A Bonds and the Bond, pro rata, and thereafter, the Series 1988 B Bonds, or for any lawful purpose.

Whenever the money in the 1993 Reserve Account shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby and by the 1988 Resolution designated as the Fiscal Agent for the administration of the 1993 Reserve Account and the Renewal and Replacement Fund as herein and therein provided, and all amounts required for the 1993 Reserve Account and the Renewal and Replacement Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein and in the 1988 Resolution, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Article (except the Project Construction Account) shall constitute trust funds and shall be used only for the purposes and in the order provided herein and in the 1988 Resolution, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers and to deposit the required amount in any of the funds as hereinabove and in the 1988 Resolution provided, the deficiency shall be made up in the subsequent payments, transfers and deposits in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to the 1988 Resolution, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the 1993 Reserve Account and the Renewal and Replacement Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or in the 1988 Resolution or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board

of Investments. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the 1993 Reserve Account so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser and shall give such other notice as required under, and in the manner provided in, the 1988 Resolution.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 289 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of such funds or 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 of West Virginia.

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the 1993 Reserve Account a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholder.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to the payment and deposits on account of the 1988 A Bonds, the 1988 B Bonds and the Renewal and Replacement Fund, plus Net Revenues equal to not less than 110% of the annual debt service on the Bond and sufficient to make the payments required herein into the 1993 Reserve Account and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

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

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

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

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon

any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County

Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; provided however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

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

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

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bond, 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 and shall take effect immediately upon the delivery of the Bond. The statutory mortgage lien of the Bond is on a parity with the statutory mortgage lien in favor of the holders of the 1988 A Bonds and senior

and prior to the statutory mortgage lien in favor of the holders of the 1988 B Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Bond at the date specified for payment thereof; and

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

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

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

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 5.15. 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.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on April 10, 1991, Case No. 90-183-PSWD-19A, which Final Order is incorporated herein by reference as a part hereof.

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

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, 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 Bond, 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 Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Bondholder.

Section 7.03. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05. 1988 Resolution; Conflicting Provisions Repealed. The 1988 Resolution and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the 1988 Resolution.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47) and the 1988 Resolution.

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof

are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: June 12, 1993.

Chairman of Public Service Board

Member

Member

06/09/93
PKSC.A4
68395/92001

(SPECIMEN BOND)

PAGE-KINCAID PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 1993

$120,000

No. R-1 Date: June 16, 1993

FOR VALUE RECEIVED, PAGE-KINCAID PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED TWENTY THOUSAND DOLLARS ($120,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $590, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted authorizing issuance of this Bond (the "Resolution").

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

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

This Bond is on a parity as to liens, pledge and source of and security for payment from such revenues, and in all other respects, with the 1988 A Bonds, defined and described in the Resolution.

This Bond is senior and prior as to liens, pledge and source of and security for payment from such revenues, and in all other respects, to the 1988 B Bonds, defined and described in the Resolution.

IN WITNESS WHEREOF, PAGE-KINCAID PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PAGE-KINCAID PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____

Chairman, Public Service Board

P.O. Box 165
Kincaid, West Virginia 25119

ATTEST:

_____

Secretary, Public Service Board

RECORD OF ADVANCES

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

[Form of Assignment]

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:

_____

PAGE-KINCAID PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE), and
SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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PAGE-KINCAID PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF PAGE-KINCAID PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $550,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND NOT MORE THAN $470,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (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 THE SERIES 2009 B 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 PAGE-KINCAID PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Page-Kincaid Public Service District (the "Issuer") is a public service district, a public corporation and political subdivision of the State of West Virginia in Fayette 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, safety, advantage, convenience, and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to

the existing public sewerage system of the Issuer, consisting of extension of the Issuer's existing system to provide service to an estimated 149 new customers in the Ingram Branch and Wriston areas of Fayette County (collectively, the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System". The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. 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 Operating Expenses of the System, the principal of and interest on the Bonds (as hereinafter defined) and payments into all funds and accounts 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 $1,020,000 in two series, being the Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), in the aggregate principal amount of not more than $550,000 (the "Series 2009 A Bonds"), and the Sewer Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $470,000 (the "Series 2009 B Bonds") (collectively, the "Series 2009 Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such 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 2009 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 any 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 (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 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 2009 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 2009 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined) and its Series 2009 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "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, the Authority and the Council, approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 Bonds as to liens, pledge and source of and security for payment: (i) Sewer Revenue Bonds, Series 1988 A (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $112,000 (the "Series 1988 A Bonds"); (ii) Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated June 16, 1993, issued in the original aggregate principal amount of $120,000 (the "Series 1993 Bonds") (collectively, the "First Lien Bonds").

There is outstanding an obligation of the Issuer which will rank junior and subordinate to the Series 2009 Bonds as to liens, pledge and source of security for payment, being the Issuer's Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $28,000 (the "Series 1988 B Bonds") (collectively with the First Lien Bonds, the "Prior Bonds").

The Series 2009 Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2009 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2009 Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Series 1998 B Bonds to the issuance of the Series 2009 Bonds senior to the Series 1998 B Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges and the issuance of the Series 2009 Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2009 Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank

and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2009 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2009 A Bonds, the Series 2009 B Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2009 Bonds for all or a portion of the proceeds of the Series 2009 A Bonds from the Purchaser and for all or a portion of the proceeds of the Series 2009 B Bonds from the Authority and the Council.

"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 Pentree, Inc., Princeton, West Virginia, 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 1.02H 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.

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

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

"First Lien Bonds" mean the Series 1988 A Bonds and Series 1993 Bonds.

"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, 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, collectively, all grant monies received by the Issuer for the Project.

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

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated June 4, 2002, and all additional amendments thereto, if any, providing for the purchase of the Series 2009 A Bonds from the Issuer by the Purchaser.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2009 B 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 2009 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in any 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 2009 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.

"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 or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bonds canceled by the Bond Registrar or Registrar for the Prior

Bonds, at or prior to said date; (ii) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Prior Bonds deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or holders of the Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2009 B Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1988 A Bonds, the Series 1993 Bonds, and the Series 1988 B Bonds.

"Prior Resolutions" means, collectively, the resolutions of the Issuer authorizing the Prior Bonds.

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

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2009 A Bonds.

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

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National

Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

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

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

"Registrar" means the Bond Registrar.

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

"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 2009 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

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

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

"Series 1988 A Bonds" means the Sewer Revenue Bonds, Series 1988 A (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $112,000.

"Series 1988 B Bonds" means the Sewer Revenue Bonds, Series 1988 B (West Virginia Water Development Authority), dated July 1, 1988, issued in the original aggregate principal amount of $28,000.

"Series 1993 Bonds" means the Sewer Revenue Bonds, Series 1993 (United States Department of Agriculture), dated June 16, 1993, issued in the original aggregate principal amount of $120,000.

"Series 2009 Bonds" means, collectively, the Series 2009 A Bonds and the Series 2009 B Bonds.

"Series 2009 Bonds Construction Trust Fund" means the Series 2009 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2009 A Bonds" means the Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), of the Issuer, authorized by this Resolution.

"Series 2009 A Bonds Reserve Account" means the Series 2009 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2009 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 2009 A Bonds in the then current or any succeeding year.

"Series 2009 B Bonds" means the Sewer Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), of the Issuer authorized by this Resolution.

"Series 2009 B Bonds Reserve Account" means the Series 2009 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2009 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 B Bonds in the then current or any succeeding year.

"Series 2009 B Bonds Sinking Fund" means the Series 2009 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2009 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2009 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, including, without limitation, the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

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

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

"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 not to exceed $6,400,000, 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 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, in an amount and otherwise compatible with the financing plan submitted to the Purchaser, the Authority and the Council.

The cost of the Project is estimated not to exceed $6,400,000, of which $550,000 will be obtained from proceeds of the Series 2009 A Bonds, and $470,000 will be obtained from proceeds of the Series 2009 B Bonds, $3,000,000 will be obtained from proceeds of a grant from the Purchaser, $850,000 will be obtained from the Council, $30,000 will be obtained from a West Virginia Budget Digest grant and $1,500,000 will be obtained from proceeds of a Small Cities Block Grant.

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 2009 Bonds, if any, funding reserve accounts for the Series 2009 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2009 A Bonds and the Series 2009 B Bonds of the Issuer. The Series 2009 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture)," in the principal amount of not more than $550,000, and the Series 2009 B Bonds shall be issued as a single bond, designated "Sewer Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $470,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2009 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2009 Bonds, if any, shall be deposited in or credited to the Series 2009 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2009 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly 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 the Supplemental Resolution or as specifically provided in the Series 2009 A Bond.

B. The Series 2009 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2009 B 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, if any, on the Series 2009 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2009 A Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser, with a record of advances attached, representing the aggregate principal amount of the Series 2009 A Bonds. The Series 2009 B Bonds shall initially 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 2009 B Bonds, all as provided in the Supplemental Resolution. The Series 2009 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 neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2009 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 2009 Bonds shall cease to be such officer of the Issuer before the Series 2009 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. Bond Registrar; Authentication and Registration. A. The Issuer shall be the Bond Registrar with respect to the Series 2009 A Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2009 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2009 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2009 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2009 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust, and/or such other identifying number and information as may be required by law. The Series 2009 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2009 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

B. The Bond Registrar with respect to the Series 2009 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2009 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the

Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2009 B Bonds shall be conclusive evidence that such Series 2009 B Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2009 B 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 Series 2009 B Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the Series 2009 A Bonds, notwithstanding anything herein to the contrary.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 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 2009 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 2009 Bonds remain outstanding, the Bond Registrar for the Series 2009 Bonds shall keep and maintain books for the registration and transfer of such 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, all Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 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 2009 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2009 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to First Lien Bonds. The payment of the debt service of all Series 2009 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 First Lien Bonds, and senior and prior to the Series 1988 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2009 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. A. With respect to the Series 2009 A Bonds, the Chairman is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be delivered to the Purchaser on the date of delivery.

B. The Issuer shall execute and deliver the Series 2009 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2009 B Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2009 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2009 B Bonds to the original purchasers;

(3) An executed and certified copy of the Bond Legislation;

(4) An executed copy of the Loan Agreement; and

(5) The unqualified approving opinion of bond counsel on the Series 2009 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2009 A Bonds and the Series 2009 B Bonds shall be in substantially the following respective 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 2009 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PAGE-KINCAID PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 Date: _____, 2009

FOR VALUE RECEIVED, PAGE-KINCAID PUBLIC SERVICE DISTRICT (the "Borrower") promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____DOLLARS ($_____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of improvements and extensions to the existing public sewerage system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted on _____, 2009, and a Supplemental Resolution of the Borrower duly adopted on _____, 2009,

authorizing issuance of this Bond (collectively, the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmer and Rural Development Act of 1965. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (1) SEWER REVENUE BONDS, SERIES 1988 A (WEST VIRGINIA WATER DEVEOPMENT AUTHORITY), DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $112,000 (THE "SERIES 1988 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 16, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $120,000 (THE "SERIES 1993 BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS") AND (3) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2009 ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $ (THE "SERIES 2009 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S SEWER REVENUE BOND, SERIES 1988 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $28,000 (THE "SERIES 1988 B BONDS").

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

IN WITNESS WHEREOF, PAGE-KINCAID PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PAGE-KINCAID PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman
(Title of Executive Official)

Post Office Box 165
(P.O. Box No. or Street Address)

Kincaid, West Virginia 25119
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Secretary
(Title of Attesting Official)

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 $

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to 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 Borrower with full power of substitution in the premises.

Dated: _____, 20____.

_____

In presence of:

_____

(FORM OF SERIES 2009 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PAGE-KINCAID PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2009 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on the ____ day of _____, 2009, PAGE-KINCAID PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Fayette 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 _____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, _____ to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system 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 system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2009, and a Supplemental Resolution duly adopted by the Issuer on _____, 2009 (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, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (1) SEWER REVENUE BOND, SERIES 1988 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $112,000 (THE "SERIES 1988 A BONDS"); (2) SEWER REVENUE BOND, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 16, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $120,000 (THE "SERIES 1993 BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS") AND (3) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2009, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2009 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S SEWER REVENUE BOND, SERIES 1988 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $28,000 (THE "SERIES 1988 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2009 A Bonds and First Liens Bonds and senior and prior to the pledge of Net Revenues in favor of the Holders of the Series 1988 B Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2009 B 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 which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2009 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2009 A Bonds, and the First Lien Bonds; provided however, that so long as there exists in the Series 2009 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2009 A Bonds, and the First Lien

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 Huntington National Bank, 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 monies, until so applied, in favor of the registered owner of this Bond.

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

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, PAGE-KINCAID 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 the date first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: _____, 2009

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 2____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement.A. The Series 2009 A Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

B.The Series 2009 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Purchaser, the Authority and the Council a schedule, the forms of which will be provided by the Purchaser, the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

1. Revenue Fund (established by Prior Resolution);

2. Renewal and Replacement Fund (established by Prior Resolution);

3. Series 1993 Reserve Account (established by Prior Resolution); and

4. Series 2009 Bonds Construction Trust Fund.

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

1. Series 1988 A Bonds Sinking Fund (established by Prior Resolution);

2. Series 1988 A Bonds Reserve Account (established by Prior Resolution);

3. Series 1988 B Bonds Sinking Fund (established by Prior Resolution);

4. Series 1988 B Reserve Account (established by Prior Resolution);

5. Series 2009 A Bonds Reserve Account;

6. Series 2009 B Bonds Sinking Fund; and

7. Series 2009 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 provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund 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 (i) the National Finance Office the amounts required by the Prior Resolutions to pay interest on the Series 1993 Bonds; (ii) the Commission the amounts required by the Prior Resolution to pay interest on the Series 1988 A Bonds; and (iii) the National Finance Office the amounts required to pay interest on the Series 2009 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the National Finance Office the amounts required by the Prior Resolutions to pay the principal of the Series 1993 Bonds; (ii) the Commission the amounts required by the Prior Resolutions to pay the principal of the Series 1988 A Bonds; (iii) the National Finance Office, commencing 24 months following the date of delivery of the Series 2009 A Bonds, the amount required to amortize the principal of the Series 2009 A Bonds over the life of the bond issue; and (iv) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2009 B 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 2009 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to (i) the Commission the amounts required by the Prior Resolutions to be deposited in the Reserve Accounts for the Series 1988 A Bonds; (ii) the Depository Bank the amounts required by the Prior Resolutions to be deposited in the Reserve Accounts for the Series 1993 Bonds; (iii) the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount each month, until the amount in the Series 2009 A Bonds Reserve Account equals the Series 2009 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 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

2009 A Bonds Reserve Requirement; and (iv) remit to the Commission, commencing approximately 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 B Bonds Reserve Requirement, until the amount in the Series 2009 B Bonds Reserve Account equals the Series 2009 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 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 2009 B Bonds Reserve Requirement.

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

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the principal payments on the Series 1988 B Bonds as required by the Prior Resolutions.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by the Prior Resolutions to be deposited in the Reserve Account for the Series 1988 B Bonds.

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

Monies in the Series 2009 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2009 A Bonds as the same shall come due, when other

monies are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2009 A Bonds Reserve Account shall be sufficient to prepay the Series 2009 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2009 A Bonds, together with accrued interest thereon to such prepayment date.

Monies in the Series 2009 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2009 B Bonds as the same shall become due. Monies in the Series 2009 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2009 B Bonds as the same shall come due, when other monies in the Series 2009 B Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2009 B Bonds Reserve Account shall be sufficient to prepay the Series 2009 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2009 B Bonds and accrued interest, if any, thereon to such prepayment date.

All investment earnings on monies in the Series 2009 A Bonds Reserve Account (if fully funded), the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2009 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2009 A Bonds and the Series 2009 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2009 A Bonds Reserve Requirement or the Series 2009 B Bonds Reserve Requirement, respectively, 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 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 respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the respective 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 for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2009 A Bonds, the Series 2009 B Bonds and the First Lien Bonds in accordance with the respective principal amounts then Outstanding.

The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser, the Council and the Authority.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account created hereunder, and all amounts required for such funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser, the Authority or the Council at any time, the Issuer shall make the necessary arrangements whereby required payments into the said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2009 A Bonds and the Series 2009 B Bonds, respectively, under the conditions and restrictions set forth herein.

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

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form, together with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

Revenue Fund and electronically transferred to the Commission on the dates required.

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2009 Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2009 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 A Bonds, there shall be deposited with the Commission in the Series 2009 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2009 A Bonds Reserve Account.

B. From the proceeds of the Series 2009 B Bonds, there shall be deposited with the Commission in the Series 2009 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2009 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2009 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2009 B Bonds.

E. 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 2009 A Bonds shall be expended as directed by the Purchaser and any remaining proceeds of the Series 2009 B Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. A. The proceeds of the Series 2009 A Bonds in the Series 2009 Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

B. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project from the Series 2009 B Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2009 B Bonds from the Series 2009 Bonds Construction Trust Fund shall be made only after submission to the

Council of a certificate, signed by an Authorized Officer stating that:

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

(ii) 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;

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

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

The Issuer shall expend all proceeds of the Series 2009 B Bonds within 3 years of the date of the issuance of the Council's Bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the Series 2009 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2009 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 2009 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 2009 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2009 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Bonds. The payment of the debt service of all the Series 2009 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 the Net Revenues in favor of the holders of the First Lien Bonds and senior and prior to the Series 1988 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2009 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. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. 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 Recommended Decision of the Public Service Commission of West Virginia entered November 7, 2008, in Case No. 08-1115-PSD-CN, and such rates are hereby adopted, which rates are incorporated herein by reference as a part hereof.

So long as the Prior Bonds and the Series 2009 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2009 Bonds shall prove to be insufficient

to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the provisions governing the sale of the System, or any part thereof, shall be as set forth and described in the Prior Resolutions and the System may not be sold, mortgaged, leased or otherwise disposed of unless the Issuer has obtained the written consent of the Purchaser, the Authority and the Council, as applicable bondholders. Further, so long as the Series 2009 Bonds are outstanding and except as otherwise required by law, and with the written consent of the Purchaser, 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 fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2009 A Bonds, immediately be remitted to the National Finance Office, and with respect to the Series 2009 B Bonds, immediately be remitted to the Commission for deposit in the Series 2009 B Bonds Sinking Fund, and, with the written consent of the Purchaser, the Authority and the Council, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2009 Bonds. Any balance remaining after the payment of all the Series 2009 Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund 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 for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds. 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; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

The Issuer shall give the Purchaser, the Authority and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the System, 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. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority, the Council and the Purchaser and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2009 Bonds.

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

So long as the Series 2009 A Bonds and the Series 1993 Bonds are Outstanding, 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 for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2009 A Bonds and the Series 1993 Bonds are no longer outstanding, the following parity requirement shall be met:

So long as the Series 2009 B Bonds and the Series 1988 A Bonds are outstanding, no Parity Bonds shall be issued at any time, 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 expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2009 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 2009 Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Purchaser, 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 Purchaser, 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 Purchaser, 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 Purchaser, the Council and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of the Bonds, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System 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 to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto), 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 2009 Bonds and shall submit said report to the Purchaser, the Authority and the Council, or any other original purchaser of the Series 2009 Bonds. Such audit report submitted to the Purchaser, the Authority and the Council shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Purchaser, the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer

shall also provide the Purchaser, 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, the Council and the Purchaser with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2009 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 Bonds, including the Prior Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2009 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 2009 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 Bonds, including the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

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

expenditures for operation and maintenance of the System at all reasonable times to the Purchaser, the Council, the Authority and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer 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 Purchaser, the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Purchaser, the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Purchaser, the Authority and the Council covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Purchaser, 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 20 days after the same shall become due and payable, 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 sewerage 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 sewerage facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such sewerage service, 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 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 the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Purchaser, 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 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 unless an increased amount is requested by the Purchaser from time to time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Council and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan

Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling, or building intended to be served by the System to connect thereto.

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement, the Act and this Bond Legislation. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Purchaser, the Authority and 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. The Issuer shall provide the Council with copies of all documents submitted to the Purchaser and the Authority.

Section 7.19. Reserved.

Section 7.20. 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 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 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 2009 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior and prior to the Series 1988 B Bonds.

Section 7.22. Contracts; Change Orders, Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Purchaser and the Council

for written approval. The Issuer shall obtain the written approval of the Purchaser and the Council before expending any proceeds of the Series 2009 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Purchaser and the Council before expending any proceeds of the Series 2009 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Purchaser, the Authority and the Council in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

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

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2009 B Bonds as a condition to issuance of the Series 2009 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2009 B Bonds as may be necessary in order to maintain the status of the Series 2009 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2009 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2009 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance

with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2009 B Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2009 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2009 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 2009 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer 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.

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2009 Bonds or the Prior Bonds, it shall constitute an "Event of Default" with respect to the other series of the Series 2009 Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2009 A Bonds and the Series 2009 B Bonds shall be on a parity with each other and the Prior 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 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 completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds.If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2009 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2009 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2009 Bonds from gross income for federal income tax purposes.

Except through such direct payment to the Holder of the Series 2009 A Bonds, the Issuer may not defease the Series 2009 A Bonds or otherwise provide for payment thereof by escrow or like manner.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2009 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2009 Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2009 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2009 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2009 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 2009 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 2009 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47); and 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 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, the Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

[Remainder of Page Intentionally Blank]

Adopted this 9th day of June, 2009.

PAGE-KINCAID PUBLIC SERVICE DISTRICT

By: Kenneth W. Smart
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PAGE-KINCAID PUBLIC SERVICE DISTRICT on June 9, 2009.

Dated: June 11, 2009.

[SEAL]

Secretary

05.26.09
683950.00001

PAGE-KINCAID PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 A
(United States Department of Agriculture); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF PAGE-KINCAID PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2009 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2009 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2009 B 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 Page-Kincaid Public Service District (the "Issuer") has duly and officially adopted a bond resolution on June 9, 2009 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF PAGE-KINCAID PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $550,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 A, AND NOT MORE THAN $470,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (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 THE SERIES 2009 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), and Sewer Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2009 A Bonds" and the "Series 2009 B Bonds"), in the respective aggregate principal amounts not to exceed $550,000 and $470,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2009 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, 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 2009 A Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments, and the Series 2009 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PAGE-KINCAID PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental

Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Sewer Revenue Bonds, Series 2009 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of $550,000. The Series 2009 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.5% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2009 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of $2,525 on the corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of the Series 2009 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2009 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2009 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Sewer Revenue Bonds, Series 2009 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $470,000. The Series 2009 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2049, and shall bear no interest. The principal of the Series 2009 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011, to and including June 1, 2049, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2009 B Bonds.

The Series 2009 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2009 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify 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 applications to the Council and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2009 A Bonds and the Series 2009 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National

Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2009 B Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2009 B Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Branch Banking & Trust Company, Oak Hill, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. All proceeds of the Series 2009 A Bonds shall be deposited in or credited to the Series 2009 Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2009 A Bonds.

Section 8. Series 2009 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 B Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2009 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 B Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2009 B Bonds shall be deposited in or credited to the Series 2009 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2009 A Bonds may be delivered on or about June 11, 2009 to the Purchaser pursuant to the Letter of Conditions, and the Series 2009 B Bonds may be delivered on or about June 11, 2009 to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in

writing by the Issuer. Monies in the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

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

[Remainder of Page Intentionally Blank]

Adopted this 9th day of June, 2009.

PAGE-KINCAID PUBLIC SERVICE DISTRICT

By: Kenneth W. Smart
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by PAGE-KINCAID PUBLIC SERVICE DISTRICT on this 9th day of June, 2009.

Dated: June 11, 2009.

[SEAL]

Secretary

05.26.09
683950.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PAGE-KINCAID PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 Date: June 11, 2009

FOR VALUE RECEIVED, PAGE-KINCAID PUBLIC SERVICE DISTRICT (the "Borrower") promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FIVE HUNDRED FIFTY THOUSAND DOLLARS ($550,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $2,525, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly

or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of improvements and extensions to the existing public sewerage system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted on June 9, 2009, and a Supplemental Resolution of the Borrower duly adopted on June 9, 2009, authorizing issuance of this Bond (collectively, the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a

loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmer and Rural Development Act of 1965. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (1) SEWER REVENUE BONDS, SERIES 1988 A (WEST VIRGINIA WATER DEVEOPMENT AUTHORITY), DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $112,000 (THE "SERIES 1988 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 16, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $120,000 (THE "SERIES 1993 BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS") AND (3) SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 11, 2009 ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $470,000 (THE "SERIES 2009 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S SEWER REVENUE BOND, SERIES 1988 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $28,000 (THE "SERIES 1988 B BONDS").

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, PAGE-KINCAID PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PAGE-KINCAID PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman Kenneth W. Smith
(Title of Executive Official)

Post Office Box 165
(P.O. Box No. or Street Address)

SPECIMEN

Kincaid, West Virginia 25119
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Officer)

Secretary
(Title of Attesting Official)

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $114,425	June 11, 2009	(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 $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to 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 Borrower with full power of substitution in the premises.

Dated: _____, 20____.

_____

In presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PAGE-KINCAID PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2009 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $470,000

KNOW ALL MEN BY THESE PRESENTS: That on the 11th day of June, 2009, PAGE-KINCAID PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Fayette 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 FOUR HUNDRED SEVENTY THOUSAND DOLLARS ($470,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011 to and including June 1, 2049, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated June 11, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system 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 system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on June 9, 2009, and a Supplemental Resolution duly adopted by the Issuer on June 9, 2009 (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, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S (1) SEWER REVENUE BOND, SERIES 1988 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $112,000 (THE "SERIES 1988 A BONDS"); (2) SEWER REVENUE BOND, SERIES 1993 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 16, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $120,000 (THE "SERIES 1993 BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS") AND (3) SEWER REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 11, 2009, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 2009 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S SEWER REVENUE BOND, SERIES 1988 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED JULY 1, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $28,000 (THE "SERIES 1988 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2009 A Bonds and First Liens Bonds and senior and prior to the pledge of Net Revenues in favor of the Holders of the Series 1988 B Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2009 B 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 which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2009 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2009 A Bonds, and the First Lien Bonds; provided however, that so long as there exists in the Series 2009 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2009 A Bonds, and the First Lien 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 Huntington National Bank, 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 monies, until so applied, in favor of the registered owner of this Bond.

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

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, PAGE-KINCAID 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 the date first written above.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 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: June 11, 2009

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $24,105	June 11, 2009	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

Page Kinkaid PSD

0% Interest Rate

40 Years from Closing Date

Dated Date	6/11/2009
Delivery Date	6/11/2009

Period Ending	Principal	Interest	Debt Service
6/11/2009			
3/1/2011	3,052.		3,052.
6/1/2011	3,052.		3,052.
9/1/2011	3,052.		3,052.
12/1/2011	3,052.		3,052.
3/1/2012	3,052.		3,052.
6/1/2012	3,052.		3,052.
9/1/2012	3,052.		3,052.
12/1/2012	3,052.		3,052.
3/1/2013	3,052.		3,052.
6/1/2013	3,052.		3,052.
9/1/2013	3,052.		3,052.
12/1/2013	3,052.		3,052.
3/1/2014	3,052.		3,052.
6/1/2014	3,052.		3,052.
9/1/2014	3,052.		3,052.
12/1/2014	3,052.		3,052.
3/1/2015	3,052.		3,052.
6/1/2015	3,052.		3,052.
9/1/2015	3,052.		3,052.
12/1/2015	3,052.		3,052.
3/1/2016	3,052.		3,052.
6/1/2016	3,052.		3,052.
9/1/2016	3,052.		3,052.
12/1/2016	3,052.		3,052.
3/1/2017	3,052.		3,052.
6/1/2017	3,052.		3,052.
9/1/2017	3,052.		3,052.
12/1/2017	3,052.		3,052.
3/1/2018	3,052.		3,052.
6/1/2018	3,052.		3,052.
9/1/2018	3,052.		3,052.
12/1/2018	3,052.		3,052.
3/1/2019	3,052.		3,052.
6/1/2019	3,052.		3,052.
9/1/2019	3,052.		3,052.
12/1/2019	3,052.		3,052.
3/1/2020	3,052.		3,052.
6/1/2020	3,052.		3,052.
9/1/2020	3,052.		3,052.
12/1/2020	3,052.		3,052.
3/1/2021	3,052.		3,052.
6/1/2021	3,052.		3,052.
9/1/2021	3,052.		3,052.
12/1/2021	3,052.		3,052.

BOND DEBT SERVICE

Page Kinkaid PSD

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2022	3,052.		3,052.
6/1/2022	3,052.		3,052.
9/1/2022	3,052.		3,052.
12/1/2022	3,052.		3,052.
3/1/2023	3,052.		3,052.
6/1/2023	3,052.		3,052.
9/1/2023	3,052.		3,052.
12/1/2023	3,052.		3,052.
3/1/2024	3,052.		3,052.
6/1/2024	3,052.		3,052.
9/1/2024	3,052.		3,052.
12/1/2024	3,052.		3,052.
3/1/2025	3,052.		3,052.
6/1/2025	3,052.		3,052.
9/1/2025	3,052.		3,052.
12/1/2025	3,052.		3,052.
3/1/2026	3,052.		3,052.
6/1/2026	3,052.		3,052.
9/1/2026	3,052.		3,052.
12/1/2026	3,052.		3,052.
3/1/2027	3,052.		3,052.
6/1/2027	3,052.		3,052.
9/1/2027	3,052.		3,052.
12/1/2027	3,052.		3,052.
3/1/2028	3,052.		3,052.
6/1/2028	3,052.		3,052.
9/1/2028	3,052.		3,052.
12/1/2028	3,052.		3,052.
3/1/2029	3,052.		3,052.
6/1/2029	3,052.		3,052.
9/1/2029	3,052.		3,052.
12/1/2029	3,052.		3,052.
3/1/2030	3,052.		3,052.
6/1/2030	3,052.		3,052.
9/1/2030	3,052.		3,052.
12/1/2030	3,052.		3,052.
3/1/2031	3,052.		3,052.
6/1/2031	3,052.		3,052.
9/1/2031	3,052.		3,052.
12/1/2031	3,052.		3,052.
3/1/2032	3,052.		3,052.
6/1/2032	3,052.		3,052.
9/1/2032	3,052.		3,052.
12/1/2032	3,052.		3,052.
3/1/2033	3,052.		3,052.
6/1/2033	3,052.		3,052.
9/1/2033	3,052.		3,052.
12/1/2033	3,052.		3,052.
3/1/2034	3,052.		3,052.

BOND DEBT SERVICE

Page Kinkaid PSD

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
6/1/2034	3,052.		3,052.
9/1/2034	3,052.		3,052.
12/1/2034	3,052.		3,052.
3/1/2035	3,052.		3,052.
6/1/2035	3,052.		3,052.
9/1/2035	3,052.		3,052.
12/1/2035	3,052.		3,052.
3/1/2036	3,052.		3,052.
6/1/2036	3,052.		3,052.
9/1/2036	3,052.		3,052.
12/1/2036	3,052.		3,052.
3/1/2037	3,052.		3,052.
6/1/2037	3,052.		3,052.
9/1/2037	3,052.		3,052.
12/1/2037	3,052.		3,052.
3/1/2038	3,052.		3,052.
6/1/2038	3,052.		3,052.
9/1/2038	3,052.		3,052.
12/1/2038	3,052.		3,052.
3/1/2039	3,052.		3,052.
6/1/2039	3,052.		3,052.
9/1/2039	3,052.		3,052.
12/1/2039	3,052.		3,052.
3/1/2040	3,052.		3,052.
6/1/2040	3,052.		3,052.
9/1/2040	3,052.		3,052.
12/1/2040	3,052.		3,052.
3/1/2041	3,052.		3,052.
6/1/2041	3,052.		3,052.
9/1/2041	3,052.		3,052.
12/1/2041	3,052.		3,052.
3/1/2042	3,052.		3,052.
6/1/2042	3,052.		3,052.
9/1/2042	3,052.		3,052.
12/1/2042	3,052.		3,052.
3/1/2043	3,052.		3,052.
6/1/2043	3,052.		3,052.
9/1/2043	3,052.		3,052.
12/1/2043	3,052.		3,052.
3/1/2044	3,052.		3,052.
6/1/2044	3,052.		3,052.
9/1/2044	3,052.		3,052.
12/1/2044	3,052.		3,052.
3/1/2045	3,052.		3,052.
6/1/2045	3,052.		3,052.
9/1/2045	3,052.		3,052.
12/1/2045	3,052.		3,052.
3/1/2046	3,052.		3,052.
6/1/2046	3,052.		3,052.

BOND DEBT SERVICE

Page Kinkaid PSD

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
9/1/2046	3,052.		3,052.
12/1/2046	3,052.		3,052.
3/1/2047	3,052.		3,052.
6/1/2047	3,051.		3,051.
9/1/2047	3,051.		3,051.
12/1/2047	3,051.		3,051.
3/1/2048	3,051.		3,051.
6/1/2048	3,051.		3,051.
9/1/2048	3,051.		3,051.
12/1/2048	3,051.		3,051.
3/1/2049	3,051.		3,051.
6/1/2049	3,052.		3,052.
	470,000.		470,000.

(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: _____, 2____.

_____

In the presence of:

_____