

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)**

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PLEASANT VALLEY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1995
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND RESOLUTION

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PLEASANT VALLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$476,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF PLEASANT VALLEY 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. Pleasant Valley Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Monongalia County of said State.

B. The Issuer presently owns and operates a public water distribution system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and

extensions to the existing public water distribution system of the Issuer, including, but not limited to, additional water lines, a storage tank, hydrants and pump stations, between the Town of Jere and the intersection of Route 100 and U. S. Route 19, in Monongalia County, together with all appurtenant facilities (collectively, the "Project") (the existing public water distribution facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System") at an estimated cost of \$870,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), in the aggregate principal amount of not more than \$476,000 (the "Series 1995 Bonds"), initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1995 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 1995 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, 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 1995 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 1995 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 1995 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank senior and prior to the Series 1995 Bonds as to liens, pledge and source of and security for payment, as follows:

(i) Waterworks Revenue Bond, Series A, dated April 14, 1966, issued in the original aggregate principal amount of \$285,500 (the "Series 1966 Bonds");

(ii) Waterworks Revenue Bond, Series B, dated August 23, 1968, issued in the original aggregate principal amount of \$75,000 (the "Series 1968 Bonds"); and

(iii) Water Revenue Bond, Series 1976, dated November 19, 1976, issued in the original aggregate principal amount of \$295,000 (the "Series 1976 Bonds").

The Series 1966 Bonds, the Series 1968 Bonds and the Series 1976 Bonds are all currently held by GE Capital Corporation in their Community Loan Trust, 1987 A and are hereinafter collectively called the "Prior Bonds."

The Series 1995 Bonds shall be issued junior and subordinate to the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained the written consent of the Holder of the Prior Bonds to the issuance of the Series 1995 Bonds junior and subordinate to the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1995 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval (or "grandfathering") of the Project and the financing thereof by the West Virginia Infrastructure Council, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1995 Bonds or such final order will not be subject to appeal or rehearing.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1995 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1995 Bonds,

all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1995 Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

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

"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, collectively, the Series 1995 Bonds and where appropriate, the Prior Bonds, and any bonds on a parity with the Series 1995 Bonds subsequently issued hereunder or pursuant to another resolution of the Issuer.

"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 1995 Bonds for the proceeds representing the purchase price of the Series 1995 Bonds from the Authority.

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

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

"Consulting Engineers" means Thrasher Engineering Inc., Clarksburg, 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 or portion thereof; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions.

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

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

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

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

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

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

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

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

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained

by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

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

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 1995 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 1995 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1995 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1995 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1995 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1995 Bonds.

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

provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1995 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1966 Bonds, the Series 1968 Bonds and the Series 1976 Bonds, as described in Section 1.02G hereof.

"Prior Bonds Reserve Accounts" means, collectively, the reserve funds established in connection with the Prior Bonds and continual hereby.

"Prior Resolutions" means, individually or collectively, the resolution of the Issuer adopted April 14, 1966, authorizing the Series 1966 Bonds; the resolution of the Issuer adopted August 23, 1968, authorizing the Series 1968 Bonds; and the resolution of the Issuer adopted April 19, 1976, authorizing the Series 1976 Bonds.

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

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying

certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain improvements and extensions to the existing public water distribution system of the Issuer, including, but not limited to, additional meter lines, a storage tank, hydrants and a pump station, near the Town of Jere, in Monongalia County, together with all appurtenant facilities.

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Depreciation Reserve established by the Prior Resolutions.

"Reserve Accounts" means, collectively, the Prior Bonds Reserve Accounts and the Series 1995 Bonds Reserve Account.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Series 1995 Bonds Reserve Account and the Prior Bonds Reserve Accounts.

"Revenue Fund" means the Revenue Fund established by the Prior Resolutions.

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

"Series 1966 Bonds" means the Waterworks Revenue Bond, Series A, of the Issuer as described in Section 1.02G hereof.

"Series 1968 Bonds" means the Waterworks Revenue Bond, Series B, of the Issuer as described in Section 1.02G hereof.

"Series 1976 Bonds" means the Water Revenue Bond, Series 1976, of the Issuer as described in Section 1.02G hereof.

"Series 1995 Bonds" means the not more than \$476,000 in aggregate principal amount of Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1995 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1995 Bonds in the then current or any succeeding year.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 1995 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1995 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 Series 1995 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the respective Reserve Accounts.

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

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

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 \$870,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1995 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated to be \$870,000, \$476,000 of which will be obtained from proceeds of the Series 1995 Bonds and \$394,000 of which will be obtained from the Mt. Morris Water and Sewage Authority.

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 1995 Bonds, funding a reserve account for the Series 1995 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1995 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1995 Bonds of the Issuer. The Series 1995 Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority)," in the principal amount of not more than \$476,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1995 Bonds remaining after funding of the Series 1995 Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest on the Series 1995 Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1995 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 Series 1995 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal, is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1995 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 Series 1995 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 1995 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1995 Bonds shall be exchangeable at the option and expense of the Holder for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 1995 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 1995 Bonds shall cease to be such officer of the Issuer before the Series 1995 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1995 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1995 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1995 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1995 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 1995 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 1995 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in

writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

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

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1995 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account. No holder or holders of the Series 1995 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1995 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all the Series 1995 Bonds shall be secured forthwith equally and ratably with each other by a second lien on the Net Revenues derived from the System, subordinate to the lien on such Net Revenues in favor

of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 1995 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1995 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1995 Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 1995 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1995 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 1995 Bonds.

Section 3.10. Form of Series 1995 Bonds. The text of the Series 1995 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 1995 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PLEASANT VALLEY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1995
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. R- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That PLEASANT VALLEY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FOUR HUNDRED SEVENTY-SIX THOUSAND DOLLARS \$476,000, 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 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, 199___. 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 _____, 199__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the

"Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The existing public water distribution system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 1995, and a Supplemental Resolution duly adopted by the Issuer on _____, 1995 (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 JUNIOR AND SUBORDINATE, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING WATER REVENUE BONDS OF THE ISSUER:

(i) WATERWORKS REVENUE BOND, SERIES A, DATED APRIL 14, 1966, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$285,500 (THE "SERIES 1966 BONDS");

(ii) WATERWORKS REVENUE BOND, SERIES B, DATED AUGUST 23, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$75,000 (THE "SERIES 1968 BONDS"); AND

(iii) WATER REVENUE BOND, SERIES 1976, DATED NOVEMBER 19, 1976, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,000 (THE "SERIES 1976 BONDS").

THE SERIES 1966 BONDS, THE SERIES 1968 BONDS AND THE SERIES 1976 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, subordinate to the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1995 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 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 1995 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1995 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 any other obligations outstanding prior to or on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 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 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, PLEASANT VALLEY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 199__.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

Authorized Officer

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 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1995 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

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 the Prior Resolutions);
- (2) Operation and Maintenance Fund (established by the Prior Resolutions);
- (3) Bond Fund (established by the Prior Resolutions);
- (4) Prior Bonds Reserve Accounts (established by the Prior Resolutions);
- (5) Renewal and Replacement Fund (established by the Prior Resolutions as the "Depreciation Fund");
- (6) Bond Construction Trust Fund; and
- (7) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. 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 Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 1995 Bonds Sinking Fund;
- (2) Within the Series 1995 Bonds Sinking Fund, the Series 1995 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 transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Series 1968 Bonds and into the Bond Fund established by the resolution authorizing the Series 1966 Bonds, the amounts required to pay the interest on the Series 1976 Bonds, the Series 1968 Bonds and Series 1966 Bonds, respectively, and to amortize the principal of the Series 1976 Bonds, the Series 1968 Bonds and Series 1966 Bonds over the respective lives of the Prior Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) commencing 7 months prior to the first date of payment of interest on the Series 1995 Bonds for which interest has not been capitalized, remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1995 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 1995 Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (ii) commencing 13 months prior to the first date of payment of principal of the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1995 Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 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, transfer from the Revenue Fund and deposit with the Depository Bank in the Prior Bonds Reserve Accounts, 1/12 of 1/10 of the maximum amount of principal and interest becoming due on the Series 1976 Bonds in any year, in addition to the deposits into the Prior Bonds Reserve Accounts required by the resolution authorizing the Series 1968 Bonds and the Series 1966 Bonds, until

the aggregate amount in the Reserve Fund equals the sum of \$37,000, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Prior Bonds Reserve Account, the Issuer shall monthly deposit into the Prior Bonds Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Prior Bonds and the Bonds and for payments of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Prior Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 1976 Bonds, Series 1968 Bonds and Series 1966 Bonds into the Bond Fund and to said National Finance Office, respectively, as the same shall become due on an equal pro rata basis and on a parity with each other or for prepayment of installments, pro rata on the Prior Bonds, or for mandatory redemption of the Prior Bonds as hereinafter provided, and for no other purpose.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, commencing 13 months prior to the first date of payment of principal of the Series 1995 Bonds, if not fully funded upon issuance of the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Reserve Account, an amount equal to 1/120 of the Series 1995 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1995 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 1995 Bonds Reserve Requirement.

(6) The Issuer shall next, from the moneys remaining in the Revenue Fund (as previously set forth in the Prior Resolutions and not in addition thereto), on the first day of each month, transfer to the Renewal and Replacement Fund, all moneys remaining in the Revenue Fund, until there has been accumulated in the Renewal and Replacement Fund the aggregate sum of \$30,000, and thereafter, such sums as shall be required to maintain such amount therein, so long as any of the Prior Bonds remain outstanding. In addition, the Issuer shall, so long as the Series 1995 Bonds remain outstanding, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account [except to the extent such deficiency exists because the required payments into such account have

not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1995 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1995 Bonds as the same shall become due. Moneys in the Series 1995 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1995 Bonds as the same shall come due, when other moneys in the Series 1995 Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1995 Bonds, and then to the next ensuing principal payment due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1995 Bonds Reserve Account which result in a reduction in the balance of the Series 1995 Bonds Reserve Account to below the Series 1995 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full for principal and interest due on the Prior Bonds and the Series 1995 Bonds.

As and when additional Bonds ranking on a parity with the Series 1995 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1995 Bonds Sinking Fund or the Series 1995 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1995 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 1995 Bonds Sinking Fund, including the Series 1995 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1995 Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1995 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund, the Renewal and Replacement Fund and the Rebate 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.

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1995 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1995 Bonds, there shall first be deposited with the Commission in the Series 1995 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1995 Bonds for the period commencing on the date of issuance of the Series 1995 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1995 Bonds, there shall be deposited with the Commission in the Series 1995 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1995 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1995 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, and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining moneys derived from the sale of the Series 1995 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. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1995 Bonds.

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 Series 1995 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, and all Costs of the Project have been paid, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1995 Bonds Reserve Account, provided that, in no event shall more than 10% of the proceeds from the sale of the Series 1995 Bonds be deposited in the Series 1995 Bonds Reserve Account, and when such Reserve Account is 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 payment due on the Series 1995 Bonds and thereafter to the next ensuing principal payment due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1995 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 1995 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1995 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1995 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1995 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 1995 Bonds issued hereunder shall be secured forthwith equally and ratably by a second lien on the Net Revenues derived from the operation of the System, subordinate to the lien on such Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1995 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered as a Recommended Decision on September 18, 1995, and becoming final on October 8, 1995, in Case No. 94-0715-PWD-CN, and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions and with the written consent of the Authority. Additionally, so long as the Series 1995 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the System may

not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation 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 1995 Bonds, immediately be remitted to the Commission for deposit in the Series 1995 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1995 Bonds. Any balance remaining after the payment of the Series 1995 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, so long as none of the Prior Bonds are Outstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, 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 Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1995 Bonds. All obligations issued by the Issuer after the issuance of the Series 1995 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1995 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1995 Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1995 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Series 1995 Bonds pursuant to this Bond Legislation, except under the additional conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1995 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding the Series 1995 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, 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 extensions 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.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1995 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 1995 Bonds.

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

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

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation 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 Consulting Engineers, the Authority, or any other original purchaser of the Series 1995 Bonds, and shall mail in each year to any Holder or Holders of the Series 1995 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 1995 Bonds, and shall submit said report to the Authority, or any other original purchaser of the Series 1995 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 and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

The Issuer shall permit the Authority, or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority, or its 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 with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said

System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 1995 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1995 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1995 Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with or junior to the Series 1995 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 1995 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 1995 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report.

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

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be

submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy of such report to the Authority 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 Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the 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 agrees that qualified operating personnel properly certified by the State will be employed to operate the System during the entire term of the Loan Agreement.

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

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

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

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

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

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

properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

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

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

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

A. **PRIVATE BUSINESS USE LIMITATION.** The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1995 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1995 Bonds during the term thereof is, under the terms of the Series 1995 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1995 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1995 Bonds during the term thereof is, under the terms of the Series 1995 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1995 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1995 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1995 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1995 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1995 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1995 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1995 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 1995 Bonds, and shall be junior and subordinate to the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 1995 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1995 Bonds which would cause the Series 1995 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1995 Bonds) so that the interest on the Series 1995 Bonds will be and remain excluded from gross income for

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

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1995 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1995 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments 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 in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, 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. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, 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 in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer

fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1995 Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1995 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1995 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1995 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 1995 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1995 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs with respect to the Prior Bonds or the resolutions authorizing the Prior 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 1995 Bonds shall be subordinate to the Holders of 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, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of 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 Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1995 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1995 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 on the Series 1995 Bonds from gross income for federal income tax purposes.

Series 1995 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1995 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 1995 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 1995 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 1995 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1995 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1995 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1995 Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Series 1995 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1995 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 1995 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 1995 Bonds.

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

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

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

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

- (a) The maximum amount of the Series 1995 Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 1995 Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 2nd day of November, 1995.



Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of PLEASANT VALLEY PUBLIC SERVICE DISTRICT on the 2nd day of November, 1995.

Dated: December 7, 1995.

[SEAL]


Secretary, Public Service Board

12/04/95
PVJ.A7
709560/94001

EXHIBIT A

Loan Agreement included in transcript as Document 3.



PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE INTERUTILITY AGREEMENT ENTERED INTO BY AND BETWEEN PLEASANT VALLEY PUBLIC SERVICE DISTRICT AND MT. MORRIS WATER AND SEWAGE 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 Pleasant Valley Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective November 2, 1995 (the "Bond Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$476,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), of the Issuer (the "Bonds" or the "Series 1995 Bonds"), in an aggregate principal amount not to exceed \$476,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PLEASANT VALLEY 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 Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of \$476,000. The Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2033, and shall bear interest at the rate of 6 3/4% per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1996. The Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 1996, and ending October 1, 2033, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Authority. 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 (the "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 the Registrar, in substantially the form attached hereto, 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 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 Integra Bank, Mt. Morris, Pennsylvania, as Depository Bank under the Bond Resolution.

Section 7. Series 1995 Bonds proceeds in the amount of \$10,175 shall be deposited in the Series 1995 Bonds Sinking Fund as capitalized interest.

Section 8. Series 1995 Bonds proceeds in the amount of \$35,097 shall be deposited in the Series 1995 Bonds Reserve Account.

Section 9. Series 1995 Bonds proceeds in the amount of \$0- shall be paid to the Authority to pay in full the principal of and interest accrued on all borrowings by the Issuer from the Authority to finance the planning and design of water facilities for the System.

Section 10. The balance of the proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of 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 hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about December 7, 1995.

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 moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or in time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements and/or time accounts, until further directed by the Issuer. Moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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 the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 15. The Issuer is hereby authorized and approval is given, if such authorization and approval has not previously been given, to enter into an Interutility Agreement with Mt. Morris Water and Sewage Authority, located in Greene County, Pennsylvania, whereby Mt. Morris Water and Sewage Authority and the Issuer have made certain cooperative agreements as to the financing and construction of the Project.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 2nd day of November, 1995.

PLEASANT VALLEY PUBLIC SERVICE
DISTRICT



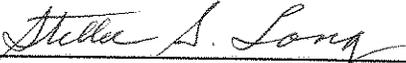
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of PLEASANT VALLEY PUBLIC SERVICE DISTRICT on the 2nd day of November, 1995.

Dated: December 7, 1995.

[SEAL]



Secretary, Public Service Board

12/06/95
PVJ.B7
709560/94001

LOAN AGREEMENT

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

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

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

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

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

ARTICLE I

Definitions

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

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto.

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

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

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

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

1.9 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources* (or in the process of preparation by such

* Now administered by the West Virginia Division of Environmental Protection.

Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by the Authority.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents and representatives shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the pertinent provisions of the Act.

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation

and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall either have received bids or entered contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim financing of construction, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority shall have received a certificate of the Consulting

Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

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

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

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

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

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

accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied

to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least

one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That any Local Bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

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

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

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

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

Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the Authority's water development revenue bonds;

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

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

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that

term is defined in the Code) from time to time as the Authority may request.

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

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

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

4.4 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

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

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

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

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

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

ARTICLE V

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

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

the Local Act and in compliance with the provisions of Subsection 4.1(b) (ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

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

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

6.6 Notwithstanding Section 6.5, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.7 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of

the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

7.2 Schedule X shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Pleasant Valley PSD
[Proper Name of Governmental Agency]

(SEAL)

By: B. Allen Cogas
Its: Chairman

Attest:

Date: December 7, 1995

Stella A. Long
Secretary
Its: _____

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: Daniel B. Yakosky
Director

Attest:

Date: December 7, 1995

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

1. The Bonds are being issued for the purpose of _____

(the "Project").

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

simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this ____ day of _____, 19__.

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

We are bond counsel to _____
(the "Governmental Agency"), a _____
_____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning _____ 1, 19____, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
-------------	--------------------	----------------------

The Local Bonds are issued for the purpose of _____
_____ and paying certain issuance and other costs
in connection therewith.

We have also examined the applicable provisions of _____
_____ of the Code of West Virginia, 1931, as

amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

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

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

[Name of Governmental Agency]

By: _____
Authorized Officer

ABB0017F

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 476,000
Purchase Price of Local Bonds \$ 476,000

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 6.75 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

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

Farmers Home Administration bond issues currently held by
GE Capital Corporation:

Water Revenue Bonds, Series 1966	\$109,963
Water Revenue Bonds, Series 1968	30,540
Water Revenue Bonds, Series 1976	<u>220,276</u>
	\$360,779

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1994 SERIES A LOCAL LOAN PROGRAM

BOND DEBT SERVICE

West Virginia Water Development Authority
Pleasant Valley PSD

Dated Date 12/07/1995

Delivery Date 12/07/1995

\$ 476,000

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Dec 7, 1995	-	-	-	-	-
Apr 1, 1996	-	-	10,174.50	10,174.50	-
Oct 1, 1996	2,423.30	6.750%	16,065.00	18,488.30	28,662.80
Apr 1, 1997	-	-	15,983.21	15,983.21	-
Oct 1, 1997	3,130.80	6.750%	15,983.21	19,114.01	35,097.22
Apr 1, 1998	-	-	15,877.55	15,877.55	-
Oct 1, 1998	3,342.20	6.750%	15,877.55	19,219.75	35,097.30
Apr 1, 1999	-	-	15,764.75	15,764.75	-
Oct 1, 1999	3,567.80	6.750%	15,764.75	19,332.55	35,097.30
Apr 1, 2000	-	-	15,644.34	15,644.34	-
Oct 1, 2000	3,808.60	6.750%	15,644.34	19,452.94	35,097.28
Apr 1, 2001	-	-	15,515.80	15,515.80	-
Oct 1, 2001	4,065.70	6.750%	15,515.80	19,581.50	35,097.30
Apr 1, 2002	-	-	15,378.58	15,378.58	-
Oct 1, 2002	4,340.10	6.750%	15,378.58	19,718.68	35,097.26
Apr 1, 2003	-	-	15,232.10	15,232.10	-
Oct 1, 2003	4,633.10	6.750%	15,232.10	19,865.20	35,097.30
Apr 1, 2004	-	-	15,075.73	15,075.73	-
Oct 1, 2004	4,945.80	6.750%	15,075.73	20,021.53	35,097.26
Apr 1, 2005	-	-	14,908.81	14,908.81	-
Oct 1, 2005	5,279.60	6.750%	14,908.81	20,188.41	35,097.22
Apr 1, 2006	-	-	14,730.63	14,730.63	-
Oct 1, 2006	5,636.00	6.750%	14,730.63	20,366.63	35,097.26
Apr 1, 2007	-	-	14,540.41	14,540.41	-
Oct 1, 2007	6,016.50	6.750%	14,540.41	20,556.91	35,097.32
Apr 1, 2008	-	-	14,337.35	14,337.35	-
Oct 1, 2008	6,422.60	6.750%	14,337.35	20,759.95	35,097.30
Apr 1, 2009	-	-	14,120.59	14,120.59	-
Oct 1, 2009	6,856.10	6.750%	14,120.59	20,976.69	35,097.28
Apr 1, 2010	-	-	13,889.20	13,889.20	-
Oct 1, 2010	7,318.90	6.750%	13,889.20	21,208.10	35,097.30
Apr 1, 2011	-	-	13,642.19	13,642.19	-
Oct 1, 2011	7,812.90	6.750%	13,642.19	21,455.09	35,097.28
Apr 1, 2012	-	-	13,378.50	13,378.50	-
Oct 1, 2012	8,340.30	6.750%	13,378.50	21,718.80	35,097.30
Apr 1, 2013	-	-	13,097.01	13,097.01	-
Oct 1, 2013	8,903.20	6.750%	13,097.01	22,000.21	35,097.22
Apr 1, 2014	-	-	12,796.53	12,796.53	-
Oct 1, 2014	9,504.20	6.750%	12,796.53	22,300.73	35,097.26
Apr 1, 2015	-	-	12,475.77	12,475.77	-
Oct 1, 2015	10,145.70	6.750%	12,475.77	22,621.47	35,097.24
Apr 1, 2016	-	-	12,133.35	12,133.35	-
Oct 1, 2016	10,830.80	6.750%	12,133.35	22,963.95	35,097.30
Apr 1, 2017	-	-	11,767.82	11,767.82	-
Oct 1, 2017	11,561.60	6.750%	11,767.82	23,329.42	35,097.24
Apr 1, 2018	-	-	11,377.61	11,377.61	-
Oct 1, 2018	12,342.00	6.750%	11,377.61	23,719.61	35,097.22
Apr 1, 2019	-	-	10,961.07	10,961.07	-
Oct 1, 2019	13,175.10	6.750%	10,961.07	24,136.17	35,097.24
Apr 1, 2020	-	-	10,516.41	10,516.41	-
Oct 1, 2020	14,064.50	6.750%	10,516.41	24,580.91	35,097.32
Apr 1, 2021	-	-	10,041.73	10,041.73	-
Oct 1, 2021	15,013.80	6.750%	10,041.73	25,055.53	35,097.26
Apr 1, 2022	-	-	9,535.02	9,535.02	-

BOND DEBT SERVICE

West Virginia Water Development Authority
Pleasant Valley

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Oct 1, 2022	16,027.20	6.750%	9,535.02	25,562.22	35,097.24
Apr 1, 2023	-	-	8,994.10	8,994.10	-
Oct 1, 2023	17,109.10	6.750%	8,994.10	26,103.20	35,097.30
Apr 1, 2024	-	-	8,416.67	8,416.67	-
Oct 1, 2024	18,263.90	6.750%	8,416.67	26,680.57	35,097.24
Apr 1, 2025	-	-	7,800.26	7,800.26	-
Oct 1, 2025	19,496.80	6.750%	7,800.26	27,297.06	35,097.32
Apr 1, 2026	-	-	7,142.24	7,142.24	-
Oct 1, 2026	20,812.80	6.750%	7,142.24	27,955.04	35,097.28
Apr 1, 2027	-	-	6,439.81	6,439.81	-
Oct 1, 2027	22,217.70	6.750%	6,439.81	28,657.51	35,097.32
Apr 1, 2028	-	-	5,689.96	5,689.96	-
Oct 1, 2028	23,717.30	6.750%	5,689.96	29,407.26	35,097.22
Apr 1, 2029	-	-	4,889.50	4,889.50	-
Oct 1, 2029	25,318.30	6.750%	4,889.50	30,207.80	35,097.30
Apr 1, 2030	-	-	4,035.01	4,035.01	-
Oct 1, 2030	27,027.20	6.750%	4,035.01	31,062.21	35,097.22
Apr 1, 2031	-	-	3,122.84	3,122.84	-
Oct 1, 2031	28,851.60	6.750%	3,122.84	31,974.44	35,097.28
Apr 1, 2032	-	-	2,149.10	2,149.10	-
Oct 1, 2032	30,799.10	6.750%	2,149.10	32,948.20	35,097.30
Apr 1, 2033	-	-	1,109.63	1,109.63	-
Oct 1, 2033	32,878.00	6.750%	1,109.63	33,987.63	35,097.26
	476,000.00		851,261.86	1,327,261.86	1,327,261.86

SCHEDULE Y
REVENUES

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;
- (iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

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

2. "System" means the public service properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Bureau of Public Health.

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

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

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

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

5. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 18, 1995

RECEIVED
95 SEP 19 AM 9:10
PUBLIC SERVICE COMMISSION
LEGAL DIVISION

CASE NO. 94-0715-PWD-CN

PLEASANT VALLEY PUBLIC SERVICE DISTRICT,
a public utility, Maidsville, Monongalia
County.

Application for a certificate of
convenience and necessity to upgrade
its existing water service in Cass
Magisterial District at Pursglove to
Monongalia County Route 100, Monongalia
County; for approval of rates and charges;
for approval of financing of expansion and
improvements; and for approval of an agree-
ment with the Mount Morris Sewer and Water
Authority.

RECOMMENDED DECISION

PROCEDURE

On March 7, 1995, Pleasant Valley Public Service District, a public utility, Maidsville, Monongalia County, filed an application, duly verified, for a certificate of convenience and necessity to construct an additional 8-inch water line to run parallel to its existing 3-inch and 4-inch line along U.S. Route 119, along with constructing a new booster pump at Pursglove in order to meet the long-term demands of the District. The District also proposes to construct an additional 212,000 gallon water tank as part of this project. All of the above construction will be at Pursglove to Route 100, Monongalia County.

Pleasant Valley Public Service District estimates that construction will cost \$850,000, and will be financed as follows: a West Virginia Water Development Authority loan of \$470,000, at an interest rate of 8% for a term not to exceed 40 years and a contribution from the Mount Morris, Pennsylvania, Water Authority in the amount of \$379,500. Mount Morris Water Authority will pay for the one-half of the total project that benefits the transmission of water to Mount Morris. Mount Morris now purchases water from Pleasant Valley Public Service District and the upgrade is needed to meet the demands of the District, as well as Mount Morris.

On March 8, 1995, Pleasant Valley Public Service District was required to provide public notice of this application by publishing a copy of the Commission's Order, once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Monongalia County. If public protest is timely filed in response to the published

notice, the Commission is authorized to render a decision without a hearing by virtue of the provisions of West Virginia Code §24-2-11.

On March 28, 1995, the Pleasant Valley Public Service District filed with the Commission an affidavit of publication showing that publication was made on March 16, 1995, in The Dominion Post, a newspaper of general circulation, published in the City of Morgantown. Anyone objecting to the above application was given thirty (30) days to file a protest with the Commission. The protest period expired on April 15, 1995.

On April 3, 1995, this matter was referred to the Division of Administrative Law Judges for processing and the Commission mandated that an Administrative Law Judge's decision be rendered on or before October 2, 1995.

By Order entered on May 17, 1995, a hearing in this case was scheduled to be held on July 18, 1995, at 11:30 a.m., in Council Chambers, City Building, 389 Spruce Street, Morgantown, West Virginia, if necessary.

On May 30, 1995, Susan J. Riggs, Staff Attorney, filed a Further Joint Staff Memorandum in this proceeding. According to Staff, the amended notice published by the District did not include minimum bill rates. Staff was of the opinion that the Administrative Law Judge should immediately order the District to publish a further notice, including the minimum billing amounts.

By Order entered on June 6, 1995, Pleasant Valley Public Service District was required to provide public notice of the amended notice.

On June 27, 1995, the Pleasant Valley Public Service District filed with the Commission an affidavit of publication showing that publication was made of the further notice on June 10, 1995, in The Dominion Post, a newspaper of general circulation, published in the City of Morgantown. Anyone objecting to the above application was given thirty (30) days to file a protest with the Commission. The protest period expired on July 10, 1995.

On July 10, 1995, a protest was filed with the Public Service Commission. Accordingly, pursuant to the provisions of West Virginia Code §24-2-11, a hearing on this application is mandatory.

By Procedural Order entered on July 12, 1995, the ALJ informed the parties of the protest and directed that the hearing set for July 18, 1995, be held as scheduled. Accordingly, Pleasant Valley Public Service District was required to publish the notice of hearing attached to the Order two times in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Monongalia County, prior to the hearing.

The hearing was held as scheduled. Those present were Mr. G. James Bobango, Esquire, on behalf of the Pleasant Valley Public Service District; Ms. Susan J. Riggs, Esquire, on behalf of Commission Staff; and

several Protestants. Mr. Steven Solomon, one of the Protestants, requested intervenor status and this status was granted.

Mr. Solomon next asked that the hearing be continued because he was not given sufficient time to prepare for this hearing. (Tr., pp. 10-11). Ms. Susan Riggs, counsel for Commission Staff responded by saying that the District had previously made several publications about this case, including when it was prefiled on August 22, 1994, which included how the project would be funded and the proposed rate for the project; when the prefilng was converted to a certificate case on March 7, 1995; and, finally, on June 10, 1995, to provide notice of the minimum rates because they were not included in the first publication. According to Ms. Riggs, this was sufficient time for the Protestant, Mr. Solomon, to prepare his case. (Tr., pp. 13-14). The hearing went forward as scheduled.

EVIDENCE

Mr. Henry W. Thrasher was called as a witness on behalf of the District. Mr. Thrasher owns and operates his own consulting firm known as Thrasher Engineering located in Clarksburg, West Virginia. Mr. Thrasher testified that he has had formal training in the field of engineering and water facilities; that he is a graduate of West Virginia University with a B.S. in Civil Engineering; and that he is a registered professional engineer. Mr. Thrasher testified that he has been the project engineer on hundreds of miles of water lines, pump stations and treatment facilities. Mr. Thrasher also testified that, for the last eighteen to twenty months, he has been consulting with the Pleasant Valley Public Service District on this project. (Tr., pp. 18-19).

Mr. Thrasher stated that the Pleasant Valley project basically entailed the installation of a new 8-inch line which includes a pump station and a storage tank, which will provide Pleasant Valley with significantly greater capacity than it currently has. (Tr., p. 21). Mr. Thrasher stated that, in his opinion, if this project is completed, both the communities of Pleasant Valley and Mount Morris would benefit for the next eighteen to twenty years. (Tr., p. 22). Mr. Thrasher also stated that he has investigated the cost of this project and that this project has been bid and has actually come in under the anticipated budget. (Tr., p. 23). Mr. Thrasher further explained that this translates into lower rates for the customers. Mr. Thrasher explained that, presently, the existing rate for 3,000 gallons, which is the minimum bill, is \$9.57. The proposed rate for that same consumption would be \$12.15. (Tr., pp. 21-24).

Mr. Thrasher stated that this project would be a benefit to the Madsville area because the Madsville system is completely overstretched and is clearly operating beyond a normal safe capacity. Mr. Thrasher noted that, in his opinion, these proposed upgrades should have taken place prior to reaching the existing number of customers. (Tr., pp. 26-27). Mr. Thrasher again stated that he has installed hundreds of miles of line which have replaced or enhanced existing distribution systems, including Masontown, Tunnelton, Terra Alta, the City of Bridgeport and the City of Clarksburg, just to name a few. (Tr., p. 28).

Mr. Thrasher testified that it is extremely difficult to install a new water line adjacent to an existing water line. According to Mr. Thrasher, when you do that, you loose the support of the trench and leave yourself open to breaks in the existing line. (Tr., p. 29). Mr. Thrasher further explained that, in this case, the new line will be installed on the other side of the road, because then you can lay the new water line and be concerned only with the service taps which would cross the road to service particular customers. (Tr., pp. 21 and 29).

Mr. Thrasher also commented on certain concerns of customers that this new line would disrupt service lines presently in place. Mr. Thrasher answered this concern by stating that there are no sewer lines presently in the area and that this installation would not preclude any future sewer line from being installed. (Tr., pp. 29-30). Mr. Thrasher also commented that all necessary permits for construction of this project have been obtained except for Public Service Commission approval. The project has received Health Department approval, Department of Highway approval and approval from the Division of Environmental Protection. (Tr., p. 31). On cross-examination, Mr. Thrasher again stated that the proposed water line will not interfere with any future sewer line, and further commented that to design a water system around some future sanitary sewer system is not reasonable. (Tr., p. 33).

Mr. Richard Jacob was called as a witness on behalf of the District. Mr. Jacob is the General Manager of the Pleasant Valley Public Service District and has been aware of this project for the last six to seven years. Mr. Jacob testified that this project went out for bids expecting that there would be no problem. According to Mr. Jacob, if this project has to be rebid, the price of the project will have to be increased. (Tr., pp. 62-64). Mr. Jacob also answered a concern about whether the new line would be contaminated by a sewer line if it were to be installed. Mr. Jacob stated that the water lines are usually three feet deep and that sewer lines are usually gravity fed and are usually a lot deeper and because of this there is no danger of contamination of the water line by any sewage line. (Tr., p. 68).

Mr. David A. Hippchen was called as a witness on behalf of Commission Staff. Mr. Hippchen is a Utility Engineer with the Public Service Commission and is a professional engineer in the State of West Virginia. Mr. Hippchen testified that he has reviewed all of the various filings that have been made by the District and the customers in this matter. Mr. Hippchen offered his professional opinion about this project in the form of a Final Internal Staff Memorandum dated July 14, 1995. Mr. Hippchen stated that this document is a joint memorandum of review and recommendation prepared by himself and Mr. Robert Hubbard. This exhibit was offered into evidence as Staff Exhibit No. 1. (Tr., pp. 99-100).

Mr. Hippchen explained that there is a need for the project that the District has proposed. This project is not being built to add customers to the District. Rather, this project will guarantee a continuous source of supply for the customers. This project also offers a larger transmission line and will eliminate the continuous pumping and operation of the booster station now in service. (Tr., p. 102). According to Mr. Hippchen, he has reviewed the various project costs and he finds those to

be reasonable. The project has been bid and the unit prices contained in those bids are what he considers to be low in some instances, but certainly very reasonable, and the construction costs are consistent with other projects being built right now in the State of West Virginia. (Tr., p. 102).

Mr. Hippchen stated that he has also reviewed the various agreements which have been filed in this case and he believes these agreements are reasonable and should be approved. (Tr., p. 103). Mr. Hippchen further commented that he thinks the participation of the Mount Morris Water and Sewage Authority benefits the customers of both utilities. There is nothing in this project or in Mount Morris' participation in this project that would adversely impact the Pleasant Valley customers. Finally, Mr. Hippchen mentioned that the share between the two entities as to funding, in his opinion, is fair to the West Virginia customers. (Tr., p. 103).

Mr. Robert M. Hubbard was called as a witness on behalf of Commission Staff. Mr. Hubbard is a Financial Analyst with the Public Service Commission and, in this regard, he was asked to review this case. Mr. Hubbard testified that he reduced this review to writing and this review is included in the Joint Staff Memorandum identified at the hearing as Staff Exhibit No. 1. Mr. Hubbard stated that he prepared the financial review of the Joint Staff Memorandum. Mr. Hubbard made certain corrections in reference to his financial review and listed one correction to the Mount Morris contribution, from \$374,341.37, to \$394,341.37. (Tr., pp. 114-115).

Mr. Hubbard read his proposed rate blocks into the record. The first 3,000 gallons would be \$3.82 per 1,000 gallons. The next 17,000 would be \$3.03 per 1,000 gallons. All over 20,000 gallons would be \$2.31 per 1,000 gallons. The minimum bill for a 5/8-inch meter would be \$11.46. The resale rate for Mount Morris would be \$1.70 per 1,000 gallons. Mr. Hubbard testified that he believed these rates to be reasonable to support the District's operations. Mr. Hubbard concluded his testimony by recommending approval of the loan proposed by the District from the Water Development Authority and also the proposed funding from the Mount Morris Authority. (Tr., pp. 117-119).

Mr. Stanley Osecky, one of the Protestants, made a statement that, according to the proposed rate schedule, he will pay \$6.08 for 1,000 gallons to 3,000 gallons of water and that Mount Morris is only going to pay \$1.70 for the same water. (Tr., pp. 136-137). Mr. Osecky also stated that he has no objections to the people of Mount Morris getting water, but everyone knows that, at the Mount Morris I-79 exit, there are going to be motels, hotels, restaurants and shopping malls and this new system is to provide that area with water and the West Virginia customers will have to pay for this project. (Tr., pp. 136-137).

Mr. Joe Tennant, one of the Protestants, stated that he does not see how a new line is going to magically improve his service, especially fire service, because the fire hydrants will be several miles away. (Tr., p. 139). Mr. Tennant stated that his water rates will increase, but the system upgrade will benefit Mount Morris more than anyone else. (Tr., p. 140). Mr. Tennant made a compassionate plea that the people in the

Scott's Run area are elderly and retired and they can least afford this rate increase. (Tr., p. 141).

Mr. Steve Soloman, the Intervenor, was called as a witness to make a statement. Mr. Soloman stated that he lives in the Scott's Run, Maidsville, Osage area and that he is the largest property owner to be served by the Pleasant Valley Public Service District. According to Mr. Soloman, his family probably has more road frontage along Route 19 than anybody else and that this proposed line being put on both sides of the road will affect him financially for the next hundred years. (Tr., pp. 147-148).

Mr. Soloman stated that this new proposed water project will prevent his family from further developing his property in Scott's Run. According to Mr. Soloman, once you put a water line on both sides of the road, there will never be a sewer system in Scott's Run and Scott's Run can never develop without a sewer system or water. (Tr., pp. 149-150).

Mr. Soloman stated that the economically depressed Scott's Run area is being asked to carry the burden of putting a water line in to serve the Town of Mount Morris. (Tr., p. 152). Mr. Soloman further stated that this project will help the Town of Mount Morris about 80% and it is going to help the Pleasant Valley Public Service District about 20% and Pleasant Valley is not getting enough benefit for the amount of dollars that the District is spending. (Tr., p. 154).

FINDINGS OF FACT

1. The Pleasant Valley project entails the installation of a new 8-inch line which includes a pump station and a storage tank affording the Pleasant Valley Public Service District significantly greater capacity than it currently has and which will insure a further continuous supply of water for the area, as well as eliminate the 24-hour pumping that currently exists on the system. (See, Tr., pp. 21-22, 102).

2. Mr. Thrasher, the District's engineer, stated that, in his opinion, if the project is completed, both the Pleasant Valley area and Mount Morris would benefit for the next twenty years. (See, Tr., p. 22).

3. This project has already been bid and the bids were lower than the estimated cost. (See, Tr., p. 23).

4. The minimum bill for the District presently is \$9.51. The District's proposed minimum bill would be \$12.15; however, Commission Staff lowered the minimum bill to \$11.46. (See, Tr., p. 24).

5. There are no sewer lines currently in the Pleasant Valley/Mount Morris area and this installation will not preclude the installation of a sewer line. (See, Tr., pp. 29-30).

6. All necessary permits for construction of this project have been obtained, including Health Department approval, Department of Highways approval and Division of Environmental Protection approval. The only approval that has not been received is approval from the Public Service Commission. (See, Tr., p. 31).

7. Richard Jacob, the General Manager of the Pleasant Valley Public Service District, answered certain concerns about whether the new line would be contaminated by a sewer line if it were installed. Mr. Jacob stated that the water lines are usually 3-foot deep, while sewage lines are usually a lot deeper. (See, Tr., p. 68).

8. Commission Staff believes that there is a definite need for the project that the District has proposed. (See, Tr., pp. 101-102; Staff Exhibit No. 1).

9. Mr. Hippchen in Staff Exhibit No. 1 indicated that the proposed project is now estimated at \$836,539.82, plus the pre-funded reserve of \$33,718, bringing the estimated project costs to \$870,257.82. The project will be financed by a WDA loan in the amount of \$475,916.45, at an interest rate of 6.75% for a term not to exceed 40 years. The balance of the project funding will be from the Mount Morris, Pennsylvania Water Authority in the amount of \$394,341.37. (See, Staff Exhibit No. 1).

10. Commission Staff has reviewed the various project costs and finds them to be reasonable. (See, Tr., p. 102).

11. The Commission Staff-proposed rates are lower than the rates proposed by the District and will support the District's operations. (See, Tr., p. 117; Staff Exhibit No. 1).

12. Commission Staff has reviewed the proposed inter-utility agreement between the District and the Mount Morris Water and Sewer Authority and the proposed funding and it recommends approval of the loan from the Water Development Authority, the proposed funding from the Mount Morris Authority and the inter-utility agreement. (See, Tr., pp. 102-104, 119; Staff Exhibit No. 1).

CONCLUSIONS OF LAW

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

2. The proposed project will provide adequate service.

3. The project is adequately financed and is economically feasible.

4. Pleasant Valley Public Service District has provided adequate and proper notice to the public of the proposed project and only one protest was received.

5. The issuance of this certificate of convenience and necessity shall be valid for the project, as proposed. Any substantial changes in the scope of this project and/or funding after granting of the certificate will require further approval from the Commission.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to the Pleasant Valley Public

Service District to construct an additional 8-inch water line, to run parallel to its existing 3-inch and 4-inch line along U.S. Route 119, a new booster pump at Pursglove and a 212,000 gallon water tank.

IT IS FURTHER ORDERED that the proposed funding of this project, consisting of a WDA loan in the amount of \$475,916.45, at an interest rate of 6.75% for a term not to exceed 40 years, and a contribution from the Mount Morris, Pennsylvania, Water and Sewage Authority in the amount of \$394,341.37 be, and it hereby is, approved.

IT IS FURTHER ORDERED that the inter-utility agreement between Pleasant Valley Public Service District and the Mount Morris Water and Sewage Authority, dated December 8, 1994, be, and it hereby is, approved, without specifically approving the terms and conditions thereof.

IT IS FURTHER ORDERED that the rates and charges recommended by Commission Staff, attached hereto as Appendix A, be, and they hereby are, approved to become effective for the customers served by this project for all services rendered on and after the date that this project is placed into service. Pleasant Valley Public Service District shall file a notice of the actual in-service date of the project, as well as a revised tariff setting forth the rates and charges approved herein, within ten (10) days from the date that the project becomes operational.

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

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

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

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


Miles C. Cary
Administrative Law Judge

MCC:pst

PLEASANT VALLEY PUBLIC SERVICE DISTRICT
CASE NO. 94-0715-PWD-CN

APPENDIX A

STAFF RECOMMENDED TARIFF

APPLICABILITY

Applicable in entire territory served.

AVAILABILITY

Available for general domestic, commercial and industrial service.

(A) RATES-PER MONTH

First	3,000 gallons	\$3.82 per thousand gallons
Next	17,000 gallons	3.03 per thousand gallons
All Over	20,000 gallons	2.31 per thousand gallons

Bulk water sold to Mt. Morris, Pennsylvania:
\$1.70 per 1,000 gallons

(A) MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to-wit:

	5/8 inch meter	\$11.46 per month
	3/4 inch meter	17.20 per month
1	1 inch meter	28.65 per month
1	1 1/2 inch meter	57.30 per month
2	2 inch meter	91.70 per month

NEW SERVICE

A connection charge (tap fee) of \$250.00.

DELAYED PAYMENT PENALTY

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

RECONNECTION CHARGE

A reconnection charge of Twenty Dollars (\$20.00) shall be made.

(A) Indicates advance

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
in the City of Charleston on the 20th day of October, 1995.

CASE NO. 94-0715-PWD-CN

PLEASANT VALLEY PUBLIC SERVICE DISTRICT,
a public utility, Madsville, Monongalia
County.

Application for a certificate of convenience
and necessity to upgrade its existing water
system and for approval of rates and charges,
financing and an agreement with the Mount
Morris Sewer and Water Authority.

COMMISSION ORDER

On October 19, 1995, Steve Solomon filed a petition for
reconsideration of our order in this case that went final on October
8, 1995. Although the petition to reconsider is out of time, we
have carefully considered Mr. Solomon's petition and found it to be
meritless. We accordingly deny the petition to reconsider.

FINDING OF FACT

On October 19, 1995, Steve Solomon filed an untimely petition
for reconsideration.

CONCLUSIONS OF LAW

The petition is meritless and should be denied.

ORDER

IT IS, THEREFORE ORDERED that the petition to reconsider filed
on October 19, 1995 is hereby denied.

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

ARC

A True Copy, Teste:


Howard H. Cunningham
Executive Secretary

jrc-wpd/940715.0R1

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PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority and BURDETTE ALLEN COGAR, Chairman of Pleasant Valley Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 7th day of December, 1995, the Authority received the Pleasant Valley Public Service District Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), issued in the principal amount of \$476,000, as a single, fully registered Bond, numbered R-1 and dated December 7, 1995 (the "Bonds").

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Bonds in the aggregate principal amount of \$476,000 (100% of par value), there being no interest accrued thereon.

WITNESS our respective signatures on this 7th day of December, 1995.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadows
Secretary-Treasurer

PLEASANT VALLEY PUBLIC SERVICE
DISTRICT

B. Allen Cogas
Chairman

12/04/95
PVJ.E2
709560/94001

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PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. R-1, constituting the entire original issue of the Pleasant Valley Public Service District Water Revenue Bonds, Series 1995, in the principal amount of \$476,000, dated December 7, 1995 (the "Bonds"), executed by the Chairman and Secretary of Pleasant Valley Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution, both duly adopted by the Issuer November 2, 1995 (collectively, the "Bond Legislation");

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

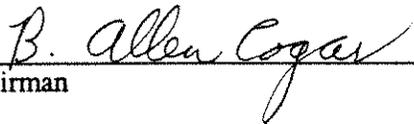
(3) Executed counterparts of a loan agreement dated December 7, 1995, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$476,000, representing the agreed purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 7th day of December, 1995.

PLEASANT VALLEY PUBLIC SERVICE
DISTRICT


Chairman

12/04/95
PVJ.F2
709560/94001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PLEASANT VALLEY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1995
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. R-1

\$476,000

KNOW ALL MEN BY THESE PRESENTS: That PLEASANT VALLEY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FOUR HUNDRED SEVENTY-SIX THOUSAND DOLLARS (\$476,000), 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 on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1996. 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 December 7, 1995.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. The existing public water distribution system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This

Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on November 2, 1995, and a Supplemental Resolution duly adopted by the Issuer on November 2, 1995 (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 JUNIOR AND SUBORDINATE, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING OUTSTANDING WATER REVENUE BONDS OF THE ISSUER:

(i) WATERWORKS REVENUE BOND, SERIES A, DATED APRIL 14, 1966, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$285,500 (THE "SERIES 1966 BONDS");

(ii) WATERWORKS REVENUE BOND, SERIES B, DATED AUGUST 23, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$75,000 (THE "SERIES 1968 BONDS"); AND

(iii) WATER REVENUE BOND, SERIES 1976, DATED NOVEMBER 19, 1976, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,000 (THE "SERIES 1976 BONDS").

THE SERIES 1966 BONDS, THE SERIES 1968 BONDS AND THE SERIES 1976 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, subordinate to the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1995 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 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 1995 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1995 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 any other obligations outstanding prior to or on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 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 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, PLEASANT VALLEY 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 December 7, 1995.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 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: December 7, 1995.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Authorized Officer

SCHEDULE OF ANNUAL DEBT SERVICE

West Virginia Water Development Authority
Pleasant Valley PSD

Dated Date 12/07/1995
Delivery Date 12/07/1995

\$ 476,000

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Dec 7, 1995	-	-	-	-	-
Apr 1, 1996	-	-	10,174.50	10,174.50	-
Oct 1, 1996	2,423.30	6.750%	16,065.00	18,488.30	28,662.80
Apr 1, 1997	-	-	15,983.21	15,983.21	-
Oct 1, 1997	3,130.80	6.750%	15,983.21	19,114.01	35,097.22
Apr 1, 1998	-	-	15,877.55	15,877.55	-
Oct 1, 1998	3,342.20	6.750%	15,877.55	19,219.75	35,097.30
Apr 1, 1999	-	-	15,764.75	15,764.75	-
Oct 1, 1999	3,567.80	6.750%	15,764.75	19,332.55	35,097.30
Apr 1, 2000	-	-	15,644.34	15,644.34	-
Oct 1, 2000	3,808.60	6.750%	15,644.34	19,452.94	35,097.28
Apr 1, 2001	-	-	15,515.80	15,515.80	-
Oct 1, 2001	4,065.70	6.750%	15,515.80	19,581.50	35,097.30
Apr 1, 2002	-	-	15,378.58	15,378.58	-
Oct 1, 2002	4,340.10	6.750%	15,378.58	19,718.68	35,097.26
Apr 1, 2003	-	-	15,232.10	15,232.10	-
Oct 1, 2003	4,633.10	6.750%	15,232.10	19,865.20	35,097.30
Apr 1, 2004	-	-	15,075.73	15,075.73	-
Oct 1, 2004	4,945.80	6.750%	15,075.73	20,021.53	35,097.26
Apr 1, 2005	-	-	14,908.81	14,908.81	-
Oct 1, 2005	5,279.60	6.750%	14,908.81	20,188.41	35,097.22
Apr 1, 2006	-	-	14,730.63	14,730.63	-
Oct 1, 2006	5,636.00	6.750%	14,730.63	20,366.63	35,097.26
Apr 1, 2007	-	-	14,540.41	14,540.41	-
Oct 1, 2007	6,016.50	6.750%	14,540.41	20,556.91	35,097.32
Apr 1, 2008	-	-	14,337.35	14,337.35	-
Oct 1, 2008	6,422.60	6.750%	14,337.35	20,759.95	35,097.30
Apr 1, 2009	-	-	14,120.59	14,120.59	-
Oct 1, 2009	6,856.10	6.750%	14,120.59	20,976.69	35,097.28
Apr 1, 2010	-	-	13,889.20	13,889.20	-
Oct 1, 2010	7,318.90	6.750%	13,889.20	21,208.10	35,097.30
Apr 1, 2011	-	-	13,642.19	13,642.19	-
Oct 1, 2011	7,812.90	6.750%	13,642.19	21,455.09	35,097.28
Apr 1, 2012	-	-	13,378.50	13,378.50	-
Oct 1, 2012	8,340.30	6.750%	13,378.50	21,718.80	35,097.30
Apr 1, 2013	-	-	13,097.01	13,097.01	-
Oct 1, 2013	8,903.20	6.750%	13,097.01	22,000.21	35,097.22
Apr 1, 2014	-	-	12,796.53	12,796.53	-
Oct 1, 2014	9,504.20	6.750%	12,796.53	22,300.73	35,097.26
Apr 1, 2015	-	-	12,475.77	12,475.77	-
Oct 1, 2015	10,145.70	6.750%	12,475.77	22,621.47	35,097.24
Apr 1, 2016	-	-	12,133.35	12,133.35	-
Oct 1, 2016	10,830.80	6.750%	12,133.35	22,963.95	35,097.30
Apr 1, 2017	-	-	11,767.82	11,767.82	-
Oct 1, 2017	11,561.60	6.750%	11,767.82	23,329.42	35,097.24
Apr 1, 2018	-	-	11,377.61	11,377.61	-
Oct 1, 2018	12,342.00	6.750%	11,377.61	23,719.61	35,097.22
Apr 1, 2019	-	-	10,961.07	10,961.07	-
Oct 1, 2019	13,175.10	6.750%	10,961.07	24,136.17	35,097.24
Apr 1, 2020	-	-	10,516.41	10,516.41	-
Oct 1, 2020	14,064.50	6.750%	10,516.41	24,580.91	35,097.32
Apr 1, 2021	-	-	10,041.73	10,041.73	-
Oct 1, 2021	15,013.80	6.750%	10,041.73	25,055.53	35,097.26
Apr 1, 2022	-	-	9,535.02	9,535.02	-

BOND DEBT SERVICE

West Virginia Water Development Authority
Pleasant Valley

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Oct 1, 2022	16,027.20	6.750%	9,535.02	25,562.22	35,097.24
Apr 1, 2023	-	-	8,994.10	8,994.10	-
Oct 1, 2023	17,109.10	6.750%	8,994.10	26,103.20	35,097.30
Apr 1, 2024	-	-	8,416.67	8,416.67	-
Oct 1, 2024	18,263.90	6.750%	8,416.67	26,680.57	35,097.24
Apr 1, 2025	-	-	7,800.26	7,800.26	-
Oct 1, 2025	19,496.80	6.750%	7,800.26	27,297.06	35,097.32
Apr 1, 2026	-	-	7,142.24	7,142.24	-
Oct 1, 2026	20,812.80	6.750%	7,142.24	27,955.04	35,097.28
Apr 1, 2027	-	-	6,439.81	6,439.81	-
Oct 1, 2027	22,217.70	6.750%	6,439.81	28,657.51	35,097.32
Apr 1, 2028	-	-	5,689.96	5,689.96	-
Oct 1, 2028	23,717.30	6.750%	5,689.96	29,407.26	35,097.22
Apr 1, 2029	-	-	4,889.50	4,889.50	-
Oct 1, 2029	25,318.30	6.750%	4,889.50	30,207.80	35,097.30
Apr 1, 2030	-	-	4,035.01	4,035.01	-
Oct 1, 2030	27,027.20	6.750%	4,035.01	31,062.21	35,097.22
Apr 1, 2031	-	-	3,122.84	3,122.84	-
Oct 1, 2031	28,851.60	6.750%	3,122.84	31,974.44	35,097.28
Apr 1, 2032	-	-	2,149.10	2,149.10	-
Oct 1, 2032	30,799.10	6.750%	2,149.10	32,948.20	35,097.30
Apr 1, 2033	-	-	1,109.63	1,109.63	-
Oct 1, 2033	32,878.00	6.750%	1,109.63	33,987.63	35,097.26
	476,000.00		851,261.86	1,327,261.86	1,327,261.86

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:

U

U

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

December 7, 1995

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

1000 HAMPTON CENTER
P. O. BOX 1516
MORGANTOWN, W. VA. 26507-1516
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25401-5429
(304) 263-8991
FACSIMILE (304) 263-4785

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

THE BRYAN CENTRE
P. O. BOX 570
82 WEST WASHINGTON STREET, FOURTH FLOOR
HAGERSTOWN, MARYLAND 21740-0570
(301) 739-8600
FACSIMILE (301) 739-8742

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

THE PMC BUILDING, SUITE 101
P. O. BOX 528
417 GRAND PARK DRIVE
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

Pleasant Valley Public Service District
Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

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

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Pleasant Valley Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$476,000 Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated December 7, 1995, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing April 1, 1996, at the rate of 6 3/4% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 1996, and ending October 1, 2033, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) paying interest on the Bonds during the construction of the Project and for not more than 6 months thereafter; (iii) funding a reserve account for the Bonds; and (iv) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on November 2, 1995, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 2, 1995 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a lien on and pledge of the Net Revenues of said System, junior and subordinate, with respect to liens, pledge and source of and security for payment to the Issuer's (i) Waterworks Revenue Bond, Series A, dated April 14, 1966; (ii) Waterworks Revenue Bond, Series B, dated August 23, 1968; and (iii) Water Revenue Bond, Series 1976, dated November 19, 1976, all in accordance with the terms of the Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative

minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

Very truly yours,

Stephoe & Johnson

STEPTOE & JOHNSON

11/04/95
PVJ.G2
709560/94001

RODERICK A. DEVISON

Attorney at Law
Second Floor, Security Building
Fairmont, West Virginia 26554

803-304-306 SECURITY SAVINGS BUILDING

December 7, 1995

TELEPHONE 386-3216
AREA CODE 304

**Pleasant Valley Public Service District
Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)**

OPINION OF COUNSEL TO ISSUER

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

Steptoe & Johnson
Post Office Box 2190
Clarksburg, WV 26302

Ladies & Gentlemen:

I am counsel to Pleasant Valley Public Service District, a public service district, in Monongalia County, West Virginia, (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated December 7, 1995, including all schedules and exhibits attached thereto, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on November 2, 1995, as supplemented by the Supplemental Resolution duly adopted by the Issuer on November 2, 1995 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Monongalia County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and is a public corporation and political

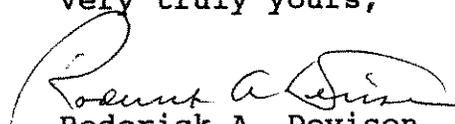
subdivision of the State of West Virginia.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
4. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.
5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.
6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Monongalia 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 received the Final Order of the Public Service Commission of West Virginia entered as a Recommended Decision on September 18, 1995, and becoming final on October 8, 1995, in Case No. 94-0715-PWD-CN, approving and consenting to the issuance of the Bonds, approving the Issuer's water rates and charges and granting to the Issuer a certificate of public convenience and necessity for construction of the Project. A petition appealing such Final Order was filed with the West Virginia Supreme Court of Appeals by a citizen on November 7, 1995. By Order dated November 30, 1995, the West Virginia Supreme Court of Appeals denied the petition. The Final Order is not subject to any further appeal, reopening or rehearing.

7. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.
8. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Very truly yours,


Roderick A. Devison, Esquire

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C

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned Chairman and the undersigned SECRETARY of the Public Service Board of Pleasant Valley Public Service District, in Monongalia County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$476,000 Pleasant Valley Public Service District Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority) (the "Bonds"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer duly adopted November 2, 1995, and a Supplemental Resolution of the Issuer duly adopted November 2, 1995 (collectively, the "Bond Legislation").

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

or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the authority to enter into and validity of the Interutility Agreement between the Issuer and Mt. Morris Water and Sewage Authority, the operation of the System, the receipt or pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

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

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority.

There are outstanding obligations of the Issuer which will rank senior and superior to the Series 1995 Bonds as to liens, pledge and source of and security for payment as follows:

(i) Waterworks Revenue Bond, Series A, dated April 14, 1966, issued in the original aggregate principal amount of \$285,500 (the "Series 1966 Bonds");

(ii) Waterworks Revenue Bond, Series B, dated August 23, 1968, issued in the original aggregate principal amount of \$75,000 (the "Series 1968 Bonds"); and

(iii) Water Revenue Bond, Series 1976, dated November 19, 1976, issued in the original aggregate principal amount of \$295,000 (the "Series 1976 Bonds").

The Series 1966 Bonds, the Series 1968 Bonds and the Series 1976 Bonds are hereinafter collectively called the "Prior Bonds."

The Series 1995 Bonds shall be issued junior and subordinate to the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained the consent of the Holder of the Prior Bonds (G E Capital Corporation) to the issuance of the Series 1995 Bonds, junior and subordinate to the Prior Bonds. The Issuer has also obtained the consent of the Authority to the issuance of the Series 1995 Bonds junior and subordinate to the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Orders of Monongalia County Commission proposing the creation of and creating Pleasant Valley Public Service District.

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

Oaths of Office of current members of Public Service Board.

Bond Resolution.

Supplemental Resolution.

Rules of Procedure.

Affidavit of Publication on Borrowing.

Minutes of Current Year Organizational Meeting.

Minutes on Adoption of Bond Resolution and Supplemental Resolution.

Loan Agreement.

Public Service Commission Orders entered September 18 and October 20, 1995.

Prior Resolutions.

Interutility Agreement Between Pleasant Valley Public Service District and Mt. Morris Water and Sewage Authority.

Consent of Prior Bondholders to Issuance of Series 1995 Bonds Junior and Subordinate to the Prior Bonds.

Consent of Authority to Issuance of Series 1995 Bonds Junior and Subordinate to the Prior Bonds.

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

<u>Name</u>	<u>Date of Commencement of Office (reappointment)</u>	<u>Date of Termination of Office</u>
Burdette Allen Cogar	August 16, 1994	June 30, 1996
Stella S. Long	August 16, 1994	June 30, 2000
Arlie Chipps	August 16, 1994	June 30, 1998

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1995 are as follows:

Chairman	-	Burdette Allen Cogar
Secretary	-	Stella S. Long
Treasurer	-	Arlie Chipps

The duly appointed and acting counsel to Issuer is Roderick A. Devison, Fairmont, West Virginia.

7. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be

acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. **MEETINGS, ETC.:** All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed or elected, 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.

9. **CONTRACTORS' INSURANCE, ETC.:** All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and the Loan Agreement is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost. The Issuer shall deliver to the Authority evidence of fidelity bonds covering all persons who shall have access or control over the Issuer's funds.

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

11. **RATES:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered as a Recommended Decision on September 18, 1995, and becoming final on October 8, 1995, in Case No. 94-0715-PWD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges.

12. **PUBLIC SERVICE COMMISSION ORDERS:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered as a Recommended Decision on September 18, 1995, and becoming final on October 8, 1995,

in Case No. 94-0715-PWD-CN, granting to the Issuer a certificate of convenience and necessity for the Project, approving the user rates and approving the financing for the Project. A Petition appealing such Final Order was filed with the West Virginia Supreme Court of Appeals by a citizen on November 7, 1995. By order dated November 30, 1995, the West Virginia Supreme Court of Appeals denied the Petition. The Final Order is not subject to any further appeal, reopening or rehearing.

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

14. **BOND PROCEEDS:** On the date hereof, the Issuer received from the Authority the agreed purchase price of the Bonds, being \$476,000 (100% of par value), there being no interest accrued thereon.

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

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

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

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

18. **IRS INFORMATION RETURN:** On the date hereof, the undersigned Chairman did officially execute a properly completed IRS Form 8038-G in connection with the Bonds and will cause such executed Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the Internal Revenue Service Center, Philadelphia, Pennsylvania. The information contained in such executed Form 8038-G is true, correct and complete.

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

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

21. **OTHER FUNDS:** The Mt. Morris Water and Sewage Authority in Mt. Morris, Pennsylvania, has committed the sum of \$394,341 in aid of acquisition and construction of the Project.

WITNESS our signatures and the official seal of PLEASANT VALLEY
PUBLIC SERVICE DISTRICT on this 7th day of December, 1995.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
<u>B. Allen Cogar</u>	Chairman
<u>Hecla S. Long</u>	Secretary
<u>Ronald A. Davis</u>	Counsel to Issuer

12/05/95
PVJ.I4
709560/94001

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

CERTIFICATE AS TO ARBITRAGE

I, BURDETTE ALLEN COGAR, Chairman of the Public Service Board of Pleasant Valley Public Service District, in Monongalia County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$476,000 aggregate principal amount of Water Revenue Bonds, Series 1995, of the Issuer, dated December 7, 1995 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution duly adopted by the Issuer on November 2, 1995, as supplemented (the "Bond Resolution"), authorizing the Bonds.

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 7, 1995, the date on which the Bonds are to be physically delivered in exchange for the issue price of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has,

//

therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on December 7, 1995, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated December 7, 1995, by and between the Issuer and the Authority, for an aggregate purchase price of \$476,000 (100% of par value), there being no accrued interest paid thereon.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) paying interest on the Bonds during the construction of the Project and for not more than 6 months thereafter; (iii) funding a reserve account for the Bonds; and (iv) paying costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the project on or before June 1, 1996, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by May 1, 1996.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$870,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Bonds	\$476,000
Funds Contributed by Mt. Morris and Sewage Authority	<u>394,000</u>
Total Sources	<u>\$870,000</u>

USES

Acquisition and Construction of Project	\$812,728
Capitalized Interest on the Bonds	10,175
Funded Reserve for the Bonds	35,097
Costs of Issuance	<u>12,000</u>
Total Uses	<u>\$870,000</u>

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

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

- (1) Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Prior Bonds Reserve Accounts;
- (4) Renewal and Replacement Fund;

- (5) Bond Construction Trust Fund;
- (6) Series 1995 Bonds Sinking Fund; and
- (7) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account.

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

(1) Bond proceeds in the amount of \$10,175 will be deposited in the Series 1995 Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of \$35,097 will be deposited in the Series 1995 Bonds Reserve Account.

(3) The balance of the proceeds of the Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

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

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

12. Moneys held in the Series 1995 Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds, and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Bond Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

13. Except for the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that

amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 1995 Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1995 Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds, and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 1995 Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1995 Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

14. The Issuer shall, on the date hereof or immediately hereafter, enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 6 months.

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

17. With the exception of the amount deposited in the Series 1995 Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 1995 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 7 months from the date of issuance thereof.

18. The Series 1995 Bonds Sinking Fund (other than the Series 1995 Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 1995 Bonds Sinking Fund (other than the Series 1995 Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or one year's interest earnings on the Series 1995 Bonds Sinking Fund

(other than the Series 1995 Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1995 Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 1995 Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 1995 Bonds Sinking Fund (other than in the Series 1995 Bonds Reserve Account therein) will be spent within a one year period beginning on the date of receipt.

19. All proceeds of the Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of September 27, 1994.

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

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

22. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or \$5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

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

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

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

28. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

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

31. The Issuer has either (a) funded the Series 1995 Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 1995 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1995 Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1995 Bonds Reserve Account and the Series 1995 Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

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

34. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such

Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolutions authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. The Issuer further covenants to pay, or cause to be paid, to the United States, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. 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.

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

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

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

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

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

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

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

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

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

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

WITNESS my signature on this 7th day of December, 1995.

PLEASANT VALLEY PUBLIC SERVICE
DISTRICT



Chairman

12/06/95
PVJ.U4
709560/94001

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

ENGINEER'S CERTIFICATE

I, H. WOOD THRASHER, Registered Professional Engineer, West Virginia License No. 9478, of Thrasher Engineering, Consulting Engineers, in Clarksburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions to the existing public waterworks facilities (the "Project") of Pleasant Valley Public Service District (the "Issuer") to be constructed primarily in Monongalia County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on November 2, 1995, as supplemented, and the Loan Agreement, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated December 7, 1995.

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) paying interest on the Bonds during the construction of the Project and for not more than 6 months thereafter; (iii) funding a reserve account for the Bonds; and (iv) paying costs of issuance and related costs.

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

Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on this 7th day of December, 1995.

[SEAL]

THRASHER ENGINEERING



West Virginia License No. 9478

12/06/95
PVJ.L3
709560/94001

DATE: _____

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Pleasant Valley Public Service District
 ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1.	Construction	\$ 649,600	
2.	Technical Services	\$ 109,400	
3.	Legal and Fiscal	\$ 10,900	
4.	Administrative	\$ 25,000	
5.	Site and Other Lands	\$ N/A	
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)	\$ 0	
7.	Interim Financing Costs	\$ 0	
8.	Contingency	\$ 17,828	
9.	Total of Lines 1 through 8		\$ 812,728

B. Sources of Funds

10.	Federal Grants: ¹ (Specify Source)	<u>N/A</u>	\$ _____	
11.	State Grants: (Specify Source)	<u>N/A</u>	\$ _____	
12.	Other Grants: (Specify Source)	<u>N/A</u>	\$ _____	
13.	Any Other Source ² (Specify)	<u>Mt. Morris Water Aut.</u>	\$ 394,000	(See attachment)
14.	Total of Lines 10 through 13		\$ 394,000	
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)		\$ 418,728	

¹ Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.

² For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).

C. Cost of Financing

16.	Capitalized Interest	\$ 10,175	
	(Construction period plus six months)		
17.	Funded Reserve Account ³	\$ 35,097	
18.	Other Costs ⁴	\$ 12,000	
19.	Total Cost of Financing		\$ 57,272
	(Lines 16 through 18)		
20.	Size of Bond Issue		\$ 476,000
	(Line 15 plus Line 19)		

Additional or explanatory material may be provided on additional sheets attached to Schedule A.

B. Allen Cogar
SIGNATURE OF AUTHORIZED
OFFICER OF APPLICANT

[Signature]
SIGNATURE OF ENGINEER

³ Consult with bond counsel and the Authority before assuming a funded reserve.

⁴ For example, fees of bond counsel for the Governmental Agency.

GARY K. BENNETT

Certified Public Accountant

317 Cleveland Avenue
Fairmont, WV 26554
Telephone (304) 366-4295
Fax (304) 366-4311

December 7, 1995

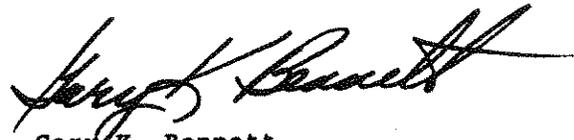
Pleasant Valley Public Service District
Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25065

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Final Order of the Public Service Commission of West Virginia entered September 18, 1995, in Case No. 94-0715-PWD-CN (being the existing rates charged to customers of the hereinafter described System), and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Thrasher Engineering, Consulting Engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of Pleasant Valley Public Service District (the "Issuer"), will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority) (the "Bonds"), to be issued to the West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including all Prior Bonds of the Issuer as defined and described in the Bond Resolution of the Issuer adopted November 2, 1995, authorizing the Bonds. It is our further opinion that the Net Revenues actually derived from the System during 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 110% of the largest aggregate amount that will mature and become due in any succeeding year for the principal of and interest on the Prior Bonds and the Bonds.

Very truly yours,



Gary K. Bennett
Certified Public Accountant

C

C





STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

1201 DUNBAR AVENUE
DUNBAR, WV 25064

Telephone (304) 558-3612
Telecopier (304) 558-0299

December 7, 1995

Mr. Pat McEntee
Senior Analyst
G. E. Capital Corporation
P.O. Box 420250
Houston TX 77042-0250

PLEASANT VALLEY PSD - \$476,000 WATER REVENUE BONDS, SERIES 1995 (WDA)

On the date hereof, the West Virginia Water Development Authority (the "Authority") purchased the captioned Bond (the "Series 1995 Bond") of the Pleasant Valley Public Service District. The Bond is secured by a lien on the Net Revenues of the District's Water System, junior and subordinate to the lien in favor of three Water Revenue Bonds, Series 1966, Series 1968 and Series 1976, originally issued to Farmers Home Administration and currently held by G. E. Capital in the Community Program Loan Trust 1987A.

Pursuant to the conditions stated in your letter of June 20, 1995, addressed to Mr. Burdette A. Cogar, Chairman of the Pleasant Valley Public Service District, a copy of which is attached hereto, the Authority agrees that, in the event of a material default and prior to the Authority taking any action to foreclose any security interest or lien securing the Series 1995 Bond, the Authority will provide written notification to G. E. Capital Corporation at its principal place of business, located at 2000 West Loop South, Suite 1300, Houston, Texas 77042, or any other address that G. E. Capital provides, said notice to contain a description of the event of default and of the actions to be taken as a result of such default. Steptoe and Johnson, as Bond Counsel, will provide to G. E. Capital a copy of the Series 1995 Bond transcript prior to January 8, 1996.

Thank you for your attention to this letter.

A handwritten signature in cursive script that reads "Daniel B. Yonkosky".

DANIEL B. YONKOSKY - DIRECTOR

db

Attachment

c Mr. Burdette A. Cogar
Vincent A. Collins, Esq.
Samme L. Gee, Esq.

General Electric Credit Corporation
2000 West Loop South, Suite 1300
P.O. Box 420250, Houston, TX 77242-0250
713 623-4322

JUNE 20, 1995

COPY

RECEIVED
JUN 26 1995

Thrasher Engineering, Inc

Mr. Burdett A. Cogar, Chairman
Pleasant Valley PSD
P.O. Box 245
Maidsville, WV 26541-0245

**SUBJECT: CASE NO. 5953
APPROVAL OF YOUR REQUEST TO BORROW AN ADDITIONAL \$436,000 ON A
JUNIOR LIEN BASIS FROM WEST VIRGINIA DEVELOPMENT AUTHORITY
(WVDA)**

Dear Mr. Cogar:

Your request for approval to borrow an additional \$436,000 ("the new loan") from WVDA has been approved. The security for the new loan will be junior and subordinate in all respects to the lien(s) securing the debt outstanding to the Community Program Loan Trust 1987A ("the Trust").

Approval of this request is specifically conditioned upon the following:

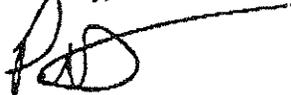
In conjunction with the request for the Trust's consent, by GE Capital as Master Servicer on behalf of the Trust ("GE Capital"), it is necessary that WVDA agree in writing to provide the following notification:

1. In the event of a material default and prior to WVDA taking any action to foreclose any security interest or lien securing the New Loan, WVDA will provide written notification to GE Capital at its principal place of business, located at 2000 West Loop South, Suite 1300, Houston, Texas 77027, or any other address that GE Capital provides, said notice containing a description of the event of default and of the actions to be taken as a result of such default.
2. Receipt of a copy of the executed closing documents within thirty (30) days after loan closing.

Any variance from the above specified conditions must be approved in writing.

Should you have any questions regarding this letter please contact me at 1-800-456-1443, ext. 4368.

Sincerely,



Pat McEntee
Senior Financial Analyst

addappvl

It appears to the Court that the First National Bank of Morgantown has been duly approved by the Prosecuting Attorney, is held and firmly bound unto the State of West Virginia, in the penal sum of One Million one hundred Thousand and no/100 (\$1,100,000.00 Dollars, and the Farmers' and Merchants' Bank is held and firmly bound unto the state of West Virginia in the penal sum of Four Hundred Twenty-One Thousand Dollars (\$421,000.00), which has also been approved by the Prosecuting Attorney.

It is therefore ordered that the bonds aforesaid be and they are hereby accepted by the County Court of Monongalia County as sufficient depository bonds.

Court adjourned

Tom Jackson

President
Robert B. Nestor

Commissioner

MONDAY, July 6, 1964

Present: Tom Jackson, President, Robert B. Nestor, Commissioner
FRED S. SIEGWARTH -- oath and bond

This day Fred S. Siegwarth filed with the court, his oath of office as Assistant Sealer of Weights and Measures for Monongalia County West Virginia, and presented a bond in the sum of Two Thousand Dollars (\$2000.00) conditioned according to law and with the Fidelity Deposit Company of Maryland as surety.

AQUELINO DE PROSPERO *** NOTARY PUBLIC

On July 6, 1964, in the office of the Clerk of the County Court, came Aquelino DeProspero and presented a certificate from the Secretary of State stating that he had been appointed a Notary Public in and for Monongalia County, West Virginia, on the 1st day of July 1964, and he filed a bond signed by himself as principal and with S. J. Angotti as surety.

ELEANOR LANTZ---NOTARY PUBLIC

On June 30, 1964, in the office of the Clerk of the County Court, came Eleanor Lantz and presented a certificate from the Secretary of State stating that she had been appointed a Notary Public in and for Monongalia County, West Virginia on June 16, 1964, and she filed a bond signed by herself as principal and with Carl B. Lantz as surety.

IN RE: ORDER FIXING A DATE FOR HEARING ON THE CREATION OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT, FOR WATER SERVICE

On this 6th day of July, 1964, at a regular session of the Court came Roderick A. Devison, Attorney at Law, representing a group of citizens and residents of the community Pleasant Valley, Madsville, and the U. S. Route No. 19 (North) areas of Cass District, Monongalia County, West Virginia, and presented a petition signed by 119 residents of the above described area and moved the Court to fix a date for hearing on the creation of the proposed public service district.

Upon consideration whereof the Court is of opinion that a hearing should be held and it is ORDERED, ADJUDGED and DECREED that a hearing be held to consider the creation of the proposed Public Service District, on July 28th, 1964, at 10:00 o'clock A. M. in the office of the County Court of Monongalia County. It is further ordered that this court publish a notice as provided by law fixing the date of hearing.

Enter this 6th day of July, 1964.

Court adjourned until Tuesday, July 7, 1964

Tom Jackson

President
Robert B. Nestor

Commissioner

TUESDAY, July 7, 1964

Present: Tom Jackson, President, Robert B. Nestor, Commissioner

DAVID D. EYER.....NOTARY PUBLIC

On July 6, 1964, in the office of the Clerk of the County Court, came David D. Eyer and presented an application for the appointment as a Notary Public in and for Monongalia County, West Virginia. It was shown to the satisfaction of the Court that he is a resident of Monongalia County, over the age of twenty-one years and competent to perform the duties of such office.

MERLE M. LAYMANNOTARY PUBLIC

On July 6, 1964, in the office of the Clerk of the County Court came Merle M. Layman and presented an application for the appointment as a Notary Public in and for Monongalia County, West Virginia. It was shown to the satisfaction of the Court that she is a resident of Monongalia County, over the age of twenty-one years and competent to perform the duties of such office.

GEORGE A. MCGOWAN... SECURITY OFFICER, WEST VIRGINIA UNIVERSITY

On Monday, April 20, 1964 George A. McGowan, came before the Clerk of the Court and took the oath of office as Security Officer for West Virginia University.

TUESDAY, July 25, 1964

Present: Tom Jackson, President, J. D. Ward, and Robert B. Nestor, Commissioners

IN RE: ORDER CREATING PUBLIC SERVICE DISTRICT FOR WATER SUPPLY SERVICES TO BE CALLED PLEASANT VALLEY PUBLIC SERVICE DISTRICT.

On this 25th day of July, 1964, came a committee composed of Mike Bukrim, Allen Phillips, Jr. and , and various other interested persons and Thomas Urquhart, Engineer, Mike Magro, Jr., Assistant Prosecuting Attorney of Monongalia County, and Roderick A. Devlison, Attorney for the petitioners, and this proceeding came on to be heard.

Thereupon, upon the petitions and the motion for the creation of a public service district for water services as provided for in Article 13-A of Chapter 16 of the Code of the State of West Virginia heretofore filed, the said Committee, by Counsel, informed the Court that there are no incorporated towns or cities nor any other public service District lying within the boundaries of the said Public Service District and moved the Court for the creation of a Public Service District situate in and near the communities of Pleasant Valley, Madsville and the U. S. Route No. 19 (North), areas of Cass District, Monongalia County, West Virginia, which area is more particularly bounded and described as follows:

Beginning at a point on the Monongahela River which point is approximately one mile north of the Star City Bridge; thence due East a distance of 5.32 miles to a point where the Cass District line crosses W. Va. State Route 7; thence in a northerly direction with the Cass District line a distance of 1.43 miles to a point; thence due north a distance of 2.15 miles to the Pennsylvania line; thence east with Pennsylvania line a distance of 4.65 miles to point 2,000 feet east of W. Va. Route No. 51; thence in a southerly direction in a line parallel to W. Va. Route No. 51 and W. Va. Route 100 and 2,000 feet distant therefrom a distance of 3.18 miles to a point on the Monongahela River; thence in a southwesterly direction with said River a distance of 1.04 miles to the place of beginning.

Thereupon, the petitioners filed certified copies of a notice published in the Morgantown Post and the Dominion News, two newspapers of general circulation in the area, which notices were published pursuant to order entered by this Court on the 10th day of July, 1964.

And now came the said Committee, and directed the Court's attention to their motion in writing, for an order of the Court appointing three capable and discreet persons as Board Members to take charge of the operation of the proposed Public Service District, and conduct and manage the same in the manner provided by law, and moved for a hearing on said motion. Whereupon the Court heard further evidence and discussion adduced by petitioners.

Upon consideration whereof the Court is of opinion that the petition heretofore filed contains the names of 119 property owners and legal voters and residents of the proposed District and that the said Public Service District for water services in said above described area should be created. It is therefore ORDERED, ADJUDGED and DECREED that the said Public Service District be and the same is hereby created, as described above, and as shown on the map filed with this Order. It is further ordered that the name of the said District be called "PLEASANT VALLEY PUBLIC SERVICE DISTRICT."

It is further ordered and adjudged and decreed that Mike Bukrim, Robert Stuzen and Allen Phillips, Jr., be and the same are hereby appointed Board Members with term as follows: Six (6) years, Four (4) years and Two (2) years, respectively, the terms to run from the date hereof. It is further ordered that the said Board Members be sworn in by the Court and that they are to take charge of the said Public Service District and to conduct and manage the same in the manner provided by law.

All of which is accordingly ordered and adjudged.

ENTER this 25th day of July, 1964.

IN THE COUNTY COURT OF MONONGALIA COUNTY, WEST VIRGINIA, THIS 25th DAY OF JULY, 1964, PETITION OF MARGARET MCQUAID:

This day Margaret McQuaid filed her petition and moved the Court to declare John Alexander McQuaid dead because of his absence for seven (7) or more successive years from the place of his last domicile within this State and has not been heard of by those who, had he been alive, would naturally have heard of him, and, therefore, he is presumed to be dead; and it is ordered by the Court that notice of the fact of such motion be published once a week for four (4) successive weeks in a newspaper of general publication in said Monongalia County, and that on the 15th day of September 1964, which is not less than two (2) weeks after the last publication of such notice, that this Court will hear evidence concerning the alleged absence of John Alexander McQuaid, supposed to be dead.

* COPY OF LETTER TO ANDY VECCHIO, (RICHARD D. TENNANT, CONSTABLE
Andy Vecchio
201 Walnut Street
Morgantown, W. Va.

Dear Sir:

You are hereby advised that the appointment of Richard D. Tennant, Constable of Battelle District expired by operation of law because of his failure to run for the unexpired term at the next General Election pursuant to Code 3-10-7.

Very truly yours,

s/ Thomas Jackson, President
Monongalia County Court

To County Clerk:

Enter this of record on the minutes.

s/ Thomas Jackson
President, County Court

MONDAY, SEPTEMBER 29, 1975

PRESENT: Richard E. Davies, President; Joseph E. Kun and Harry U. Howell, Members

SAUNDRA FORTNEY -- NOTARY PUBLIC

On September 25, 1975 in the Office of the County Clerk, Sandra Fortney presented an Application for the appointment as Notary Public in and for the County of Monongalia. It was shown to the satisfaction of the Commission that said applicant is a resident of Monongalia County and competent to perform the duties of such office.

WILLIAM F. PATTON -- NOTARY PUBLIC

On September 25, 1975 William F. Patton presented a certificate from the Secretary of State showing that he had been appointed by the Governor as a Notary Public on the 25th day of August, 1975 in and for the County of Monongalia in the State of West Virginia. The said William F. Patton took the Oath of Office as such Notary which said Oath is ordered filed in the Office of the County Clerk and acknowledged a proper bond signed by himself as principal with Ned F. Poe as surety.

PROPOSED ENLARGEMENT OF THE SERVICE AREA OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT IN THE COUNTY COMMISSION OF MONONGALIA COUNTY, WEST VIRGINIA

IN RE: PROPOSED ENLARGEMENT OF THE SERVICE AREA OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT PETITION FOR THE ENLARGEMENT OF THE SERVICE AREA OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT FOR WATER SERVICES AS PROVIDED FOR IN ARTICLE 13-A-2 OF CHAPTER 16 OF THE CODE OF THE STATE OF WEST VIRGINIA

TO THE HONORABLE COUNTY COMMISSION OF MONONGALIA COUNTY, WEST VIRGINIA:

The petition of Pleasant Valley Public Service District Monongalia County, West Virginia, respectfully represents and shows to the Honorable Court:

I

That, Pleasant Valley Public Service District serves approximately 400 customers in an area adjacent to The Fort Martin Community and the only practical method of serving this area is for Pleasant Valley Public Service District to serve them as a part of its current expansion program, and,

II

WHEREAS, through their Counsel the parties are familiar with the provisions of Article 13-A-2 of Chapter 16 of the Code of West Virginia providing for the establishment of a public service district for water services and for the enlargement of districts to include additional areas, and

III

WHEREAS, pursuant to the provisions of the aforesaid article, the herein named PLEASANT VALLEY PUBLIC SERVICE DISTRICT proposes the ENLARGEMENT OF ITS SERVICE AREA to include the Fort Martin Community as shown on the map attached to this petition.

IV

Pursuant to the provisions of the aforesaid article, the petitioner states that the enlargement of the said district will be conducive to the preservation of PUBLIC HEALTH, COMFORT AND CONVENIENCE of the area. They hereby petition the Honorable Court to fix a date for hearing in the said Court of Monongalia County, State of West Virginia, at which hearing argument for and against the enlargement of the Pleasant Valley Public Service District can be heard by the Court.

September 29, 1975

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

By /s/Roderick A. Devison, Counsel for Petitioner

ORDER FIXING A DATE FOR HEARING

THE COUNTY COMMISSION OF MONONGALIA COUNTY, WEST VIRGINIA

IN RE: ORDER FIXING A DATE FOR HEARING ON THE ENLARGEMENT OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT AREA

WHEREAS, the records of this office show that prior to July 28, 1964, a petition for the creation of a public service district was received and filed in the office of the County Court of Monongalia County, and this Court created Pleasant Valley Public Service District, and

WHEREAS, the said district has constructed a water distribution system in supplying water to approximately 400 rural residents and is in the process of expanding its service area, and

WHEREAS, the district proposes to extend its service area to serve some additional communities and The Fort Martin Community and the only practical method of serving these

MONDAY, SEPTEMBER 29, 1975 (Continued)

WHEREAS, through their Counsel, the Petitioners are familiar with the provisions of Article 13-A-a of Chapter 16 of the Code of West Virginia providing for the establishment of a public service district for water services and for the enlargement of districts to include additional areas, and

WHEREAS, pursuant to the provisions of the aforesaid article, the herein named PLEASANT VALLEY PUBLIC SERVICE DISTRICT proposes the ENLARGEMENT OF THE PLEASANT VALLEY PUBLIC SERVICE DISTRICT SERVICE AREA to include the Fort Martin Community and adjacent areas which areas are more particularly bounded and described as follows:

The area along the Monongahela River west of the present Pleasant Vally boundary line to a line approximately 1/2 of a mile west of W. Va. Route No. 53 and north to the Pennsylvania Line including the Fort Martin Community and adjacent areas.

WHEREAS, pursuant to the provisions of the aforesaid article, the petitioner states that the enlargement of the said district will be conducive to the preservation of PUBLIC HEALTH, COMFORT AND CONVENIENCE of the area, and

WHEREAS, the Farmers Home Administration are developing a loan for the district for the enlargement of their system,

NOW, THEREFORE, it is apparent that there is need for a public hearing to hear argument for and against the said enlargement of the Pleasant Valley Public Service District service area.

UPON CONSIDERATION WHEREOF, the Commission is of opinion that a hearing should be held to consider the enlargement of the Pleasant Valley Public Service District, on Tuesday, October 21, 1975 at 11:00 a.m. in the Court Room of the County Commission of Monongalia County. It is further ordered that the Clerk of this Court publish a notice as provided by law, fixing the date of hearing, and by posting, the cost of said notice to be paid by the petitioner.

ENTER THIS 29th day of September, 1975

COUNTY COMMISSION OF MONONGALIA COUNTY, WV /s/Richard E. Davies, President
Monongalia County Commission

/s/Joseph E. Kun, Member

/s/Harry U. Howell, Member

TERMINATION OF MEMBERS OF THE CHEAT NECK PUBLIC SERVICE DISTRICT BOARD

Inasmuch as it would appear that the Commission has no recourse other than to terminate the Persons serving on the Cheat Neck Public Service District Board since 50% plus one of the persons or registered voters in that area has asked for their removal, the Commission hereby removes the present board, consisting of George R. Rogers, Sr., Thomas Bell and Dorcas Harbart.

ORDER TO PAST MEMBERS OF CHEAT NECK PUBLIC SERVICE DISTRICT REQUESTING ALL PERPERTY TO BE TURNED OVER TO NEW OFFICERS

The County Commission ordered that an order be issued by the County Clerk and served by the Sheriff to the past members of the Cheat Neck Public Service District requesting that all property belonging to the Cheat Neck Public Service District be turned over immediately to the new officers who assumed operation of the Cheat Neck Public Service District effective this day, September 29, 1975 at 11:00 a.m.

APPOINTMENT OF OFFICERS
CHEAT NECK PUBLIC SERVICE DISTRICT

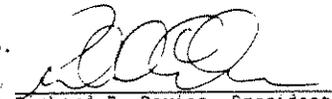
This day, the County Commission, appointed the following persons to serve as members of the Cheat Neck Public Service District:

Bernice Konopka (2-year term) Virgil Little (4-year term) Russell D. Adams (6-year term)

OATH OF OFFICE - CHEAT NECK PUBLIC SERVICE DISTRICT
BERNICE KONOPKA - VIRGIL LITTLE - RUSSELL D. ADAMS

This day, County Clerk Tom Jackson, administered the Oath of Office to Bernice Konopka, Virgil Little and Russell D. Adams as members of the Cheat Neck Public Service District Board.

Court adjourned until Tuesday, September 30, 1975.


Richard E. Davies, President

MONDAY, OCTOBER 21, 1975 (Continued)

REMOVAL OF TREES -- COUNTY HEALTH CENTER

This day, the Commission unanimously agreed to authorize the removal of certain trees at the Monongalia County Health Department Building.

GEORGE DEMANELIS -- AUTHORIZATION TO TRAVEL TO SCOTT AIR FORCE BASE

This day, the Commission approved a request for George Demanelis, Civil Defense Director of Monongalia County, to travel to Scott Air Force Base, Illinois for a Civil Defense training session.

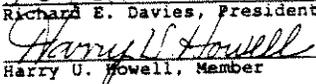
MONONGALIA COUNTY GENERAL HOSPITAL BOARD -- MEETING WITH COUNTY COMMISSION

This day Sam Chico, Walter Hopkins and Thomas Rogers, members of the Monongalia County General Hospital Board, met with the County Commission to discuss a replacement for the vacancy on the Hospital Board created by the death of John Frazier. The Commission will take the matter under consideration and make a decision at a later date regarding the replacement to fill this vacancy.

Court adjourned until Tuesday, October 21, 1975.



 Richard E. Davies, President



 Harry U. Howell, Member



 Joseph E. Kun, Member

TUESDAY, OCTOBER 21, 1975

PRESENT: Richard E. Davies, President; Joseph E. Kun and Harry U. Howell, Members

WADESTOWN FIRE DEPARTMENT -- CERTIFICATION OF MEMBERS HAVING COMPLETED FIRE TRAINING SESSIONS

The County Commission this day received certification from West Virginia University Fire Training Center that seven (7) persons have completed the fire training school from the Wadestown V.F.D. The Wadestown V.F.D. lists eleven (11) active fire fighting members. This constitutes over 50% of the active members thus qualifying them to receive an extra \$1,000.00 from Revenue Sharing Funds.

ALPHA ASSOCIATES, INC. -- PROPOSAL FOR CONTINUED PROFESSIONAL SERVICES

This day, Sam Bonasso appeared before the Monongalia County Commission and presented a proposal for continued professional service in general areas. This proposal was placed in the file in the Office of the County Commissioners.

ORDER ENLARGING THE BOUNDARY LINES OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT

IN THE COUNTY COMMISSION OF MONONGALIA COUNTY, WEST VIRGINIA

ORDER ENLARGING THE BOUNDARY LINES OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT

I

WHEREAS, Pleasant Valley Public Service District has shown that the only practical method of serving the Fort Martin Area with water is for Pleasant Valley Public Service District to serve them as a part of its current expansion program, and,

II

WHEREAS, through their Counsel, the parties are familiar with the provisions of Article 13-A-2 of Chapter 16 of the Code of West Virginia providing for the establishment of a public service district for water services and for the enlargement of districts to include additional areas, and

III

WHEREAS, pursuant to the provisions of the aforesaid article, the herein PLEASANT VALLEY

TUESDAY, OCTOBER 21, 1975 (CONTINUED)

IV

WHEREAS, the Petitioners moved the Commission to enlarge the boundaries of Pleasant valley public service district, and the Commission having inspected a map prepared by T. E. Urquhart, Engineer, and a description of the proposed NEW boundaries of Pleasant Valley Public Service District.

NOW, THEREFORE, it is ORDERED and DECREED that the boundaries of Pleasant Valley Public Service District are revised and enlarged according to the description attached to this Order and as shown on the map attached hereto and made a part hereof.

Dated, signed and entered this 21st day of October, 1975.

COMMISSIONERS OF MONONGALIA COUNTY, WEST VIRGINIA

/s/Richard E. Davies
/s/Joseph E. Kun
/s/Harry U. Howell

APPLICATION FOR REFUND OF TAXES

The undersigned persons respectfully represent that they are entitled to a refund of taxes paid on the following property assessed in Monongalia County for the tax year 1975 and therefore requests that the Commission grant the refund.

NAME IN WHICH PROPERTY WAS ASSESSED	DESCRIPTION OF PROPERTY	REFUND REQUESTED
David & Inez Guthrie	First Ward-Morgan Dist Bl I, Lot 19, 20	\$77.23
Simeon R & Mary I Reynolds	Cass District-Lot 97.5 x 195.85x166.15'	36.54
Patricia Gabbert (Edith Mayfield, Life)	- Morgan Dist - 22.435 Ac. Sur	51.99

The Commission having been given at least ten day's notice of the intention of the above taxpayers and the Prosecuting Attorney having been present defending the interest of the State and County, the County Commission approved the following refund of taxes:

NAME IN WHICH PROPERTY WAS ASSESSED	REASON FOR REFUND	AMOUNT OF REFUND
David & Inez Guthrie	Entitled to Homestead Exemption	\$77.23
Simeon R & Mary I. Reynolds	Entitled to Homestead Exemption	36.54
Patricia Gabbert (Edith Mayfield, Life)	Should have been assessed for 0	51.99

NICK E. MOCK -- NOTARY PUBLIC

On October 20, 1975 in the Office of the County Clerk, Nick E. Mock presented a certificate from the Secretary of State showing that he had been appointed and commissioned by the Governor as a Notary Public on the 23rd day of September, 1975 in and for the County of Monongalia in the State of West Virginia. The said Nick E. Mock took the Oath of Office as such Notary Public which said Oath is ordered filed in the Office of the County Clerk and acknowledged a proper bond signed by himself as principal with Shirley A. Mock as surety.

GEORGE W. THOMAS -- NOTARY PUBLIC

On October 15, 1975 in the Office of the County Clerk, George W. Thomas presented an application for the appointment as notary public in and for the State of West Virginia. It was shown to the satisfaction of the commission that said applicant is a resident of Monongalia County and competent to perform the duties of such office.

CHARLOTTE ANN SNIDER -- NOTARY PUBLIC

On October 15, 1975 in the Office of the County Clerk, Charlotte Ann Snider presented an application for the appointment as notary public in and for the County of Monongalia. It was shown to the satisfaction of the commission that said applicant is a resident of Monongalia County and competent to perform the duties of such office.

G. L. DAVIS -- NOTARY PUBLIC

On October 15, 1975 in the Office of the County Clerk, G. L. Davis presented a Certificate signed by the Clerk of the Preston County Commission showing that he had been appointed by the Governor as a Notary Public in and for Preston County, West Virginia on the 9th day of September, 1975. The said G. L. Davis filed this certificate in Monongalia County for the purpose of performing the duties of such Notary Public in the County of Monongalia, State of West Virginia.

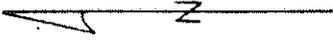
PENNSYLVANIA
WEST VIRGINIA NEW BOUNDARY LINE

W 79° 56' 35"
N 39° 45' 14"

W 79° 59' 57"
N 39° 43' 15"

W VA RT 51

FORT
MARTIN



AREA BEING ADDED TO
PLEASANT VALLEY P.S.D.

W VA RT 53

BOUNDARY
LINE

EXISTING
AREA IN
PLEASANT
VALLEY P.S.D.

W VA RT 100

MAIDSVILLE

NEW BOUNDARY LINE
MONONGAHELA RIVER

W 79° 56' 35"
N 39° 41' 08"

W 79° 58' 15"
N 39° 40' 59"



SCALE OF MILES

PLAT SHOWING ADDITION TO
PLEASANT VALLEY PUBLIC
SERVICE DISTRICT
AND DISTRICT, MONONGALIA COUNTY
WEST VIRGINIA 7-28-75



MONONGALIA COUNTY COMMISSION

COURTHOUSE
MORGANTOWN, WEST VIRGINIA 26505

Elizabeth M. Martin, Commissioner
Florence L. Merow, Commissioner
John W. Pyles, Commissioner



Telephone: 304 291-7257

August 16, 1994

Mr. Burdette Cogar
Route 13, Box 402
Morgantown, West Virginia 26505

Dear Mr. Cogar:

The Monongalia County Commission has been researching the terms of individuals who serve on public service district boards throughout the County.

In an effort to correct any errors made throughout the years, we have set the following term expiration dates for members of the Pleasant Valley Public Service District:

Burdette Cogar - Term to Expire 6/30/96
Archie Chipps - Term to Expire 6/30/98
Stella Long - Term to Expire 6/30/2000

We appreciate your willingness to serve on the board.

For the Commission,

A handwritten signature in cursive script, which appears to read "Elizabeth M. Martin".

Elizabeth M. Martin
President
Monongalia County Commission

cc: Richard Jacobs
Public Service District Office

171-763
1-6006

COUNTY OF MONONGALIA, } ss.
STATE OF WEST VIRGINIA, }

I, Allen Cogar do solemnly swear that I will support the
Constitution of the United States, and the Constitution of the State of West Virginia, and that I will
faithfully discharge the duties of my office of member of Pleasant Valley Public Service
District

of Monongalia County, for the unexpired term commencing on the 2nd day of
May, 19 94 (term expires August 1, 1996), to the best of my skill and judgment. So help me God.

(Sign here) Allen Cogar

Subscribed and sworn before the undersigned, this 20th day of May, 19 94.

Betty Tennant
Deputy County Clerk

My commission expires _____, 19____.

STATE OF WEST VIRGINIA,
MONONGALIA COUNTY, TO-WIT,

I, THELMA J. GIBSON, Clerk of the County Commission of the County aforesaid, do certify that the aforesaid writing,
together with the certificates thereto attached, was this day presented to me in my office, and was admitted to record therein,
at 4:40 o'clock P. M.

Given under my hand this 20 day of MAY, 19 94

Thelma J. Gibson, Clerk

A TRUE COPY
ATTEST Thelma J. Gibson
MONONGALIA COUNTY CLERK
BY Michele Kimble, DEPUTY

COUNTY OF MONONGALIA, } ss.
STATE OF WEST VIRGINIA, }

I, STELLA LONG do solemnly swear that I will support the
Constitution of the United States, and the Constitution of the State of West Virginia, and that I will
faithfully discharge the duties of my office of _____
MEMBER OF THE PLEASANT VALLEY PUBLIC SERVICE DISTRICT

of Monongalia County, for the FULL term commencing on the 15TH day of
AUGUST, 1994, to the best of my skill and judgment. So help me God.
TERM EXPIRES JUNE 30, 2000

(Sign here) Stella A Long

Subscribed and sworn before the undersigned, this 3RD day of NOVEMBER, 1995.

Dorothy Summers
MONONGALIA COUNTY DEPUTY CLERK

My commission expires _____, 19____.

A TRUE COPY
AT _____
BY _____ COUNTY CLERK
BY Dorothy Summers, DEPUTY

COUNTY OF MONONGALIA, } ss.
STATE OF WEST VIRGINIA, }

I, ARLIE E. CHIPPS, JR. do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of my office of _____

MEMBER OF THE PLEASANT VALLEY PUBLIC SERVICE DISTRICT

of Monongalia County, for the UNEXPIRED term commencing on the 15TH day of AUGUST, 1994, ^{OF MIKE BUKRIM (EXPIRES JUNE 30, 1998)} to the best of my skill and judgment. So help me God.

(Sign here)

Archie E. Chipps, Jr.

Subscribed and sworn before the undersigned, this 3RD day of NOVEMBER, 1995.

Deputy Sheriff

MONONGALIA COUNTY DEPUTY CLERK

My commission expires _____, 19____.

A TRUE COPY
ATTEST *Deputy Sheriff*
MONONGALIA COUNTY CLERK
BY *Deputy Sheriff* DEPUTY

RULES OF PROCEDURE

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Section 2. The principal office of this Public Service District will be located at State Route 100, near Maidsville, West Virginia.

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

Section 2. At any meeting of the Public Service Board of the District, 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. All meetings of the Public Service Board will be conducted in accordance with "Robert's Rules of Order" or such other procedural rules as may from time to time be specified by resolution of the Public Service Board.

Section 4. 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 Monongalia 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 Monongalia 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:

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of Pleasant Valley Public Service District will meet in special session on _____, at _____ .m., prevailing time, at State Route 100, near Madsville, 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.

11/06/95
PVJ.W2
709560/94001

NO. 7
AFFIDAVIT
ON
BORROWING

PUBLISHER'S CERTIFICATE

vs.

STATE OF WEST VIRGINIA,
COUNTY OF MONONGALIA

I, Titus Workman, Advertising Manager of THE
DOMINION-POST, a newspaper of general circulation published in
the City of Morgantown, County and State aforesaid, do hereby cer-
tify that the annexed
Certificate of Public Convenience

was published in the said DOMINION-POST once a
2
successive weeks, commencing on the
June 94 25
of 19.... and ending on the day of
19.94

I also certify that the same was duly posted on the
June 94
of 19...., at the front door of the Court House of
ty, as provided by law.

47.10
The publisher's fee for said publication is \$

Given under my hand this 1 day of July, 19....

Titus L. Workman
Advertising Manager of THE DOMINION-POST

Subscribed and sworn to before me this 1
day of July, 19⁹⁴

Sandra K. Layman
Notary Public of Monongalia County, W. Va.

23
My commission expires on the
November 99
....., 19....

0031963

June 18, 25

PUBLIC NOTICE
Pleasant Valley Public Service District
PSC Pre-Filing

Notice is hereby given pursuant to the requirements of West Virginia Code 16-13A-25 and 24-2-11 of the intention of the Pleasant Valley Public Service District, a public corporation, to file an application for a Certificate of Public Convenience and Necessity to upgrade its existing water system on U.S. Route 19 between Pursglove and Monongalia County Route 100. The following improvements are proposed:

- Construction of a new 200,000 gallon water tank
- Installation of 16,000 LF of 8" water line
- Installation of 4,000 LF of 6" water line
- Construction of a 280 GPM water booster station
- Installation of a telemetering system

The total cost of this project is estimated to be \$650,000 and will be funded by a \$325,000 Water Development Authority loan at 7.5% for a term of 40 years, with the Mt. Morris Water and Sewage Authority funding the remaining \$325,000.

Projected rates for the system subsequent to construction will be:

- First 3,000 gallons @ 4.05/1,000 gallons
- Next 17,000 gallons @ 3.21/1,000 gallons
- All over 20,000 gallons @ 2.46/1,000 gallons
- Residential minimum bill- \$12.15 for 3,000 gallons

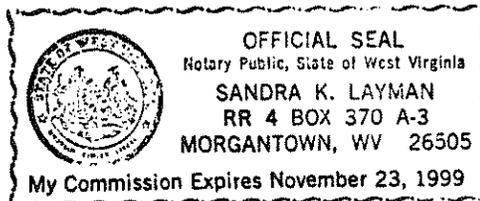
Delayed payment penalty on all accounts not paid within twenty (20) days of date of bill, ten (10%) percent will be added to amount due, not interest, and collected only once.

Connection charge is \$250.00 for installing new service. Reconnect fee is \$20.00.

Formal application for a certificate of Public Convenience and Necessity, for approval of financing and for approval of proposed rates and charges will be filed with the Public Service Commission on or after Wednesday, July 20, 1994.

Anyone desiring to protest the application should do so within thirty (30) days, in writing, briefly describing the reason for the protest and addressing same to Secretary, West Virginia Public Service Commission, P.O. Box 812, Charleston, West Virginia 25323. If no protests are received within the thirty (30) day period, the application will be filed.

Michael Bukrim
Pleasant Valley Public Service District
Rt. 13, Box 402
Morgantown, W. Va. 26505



19

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

MINUTES OF CURRENT YEAR ORGANIZATIONAL MEETING

I, STELLA S. LONG, SECRETARY of the Public Service Board of Pleasant Valley Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

The Public Service Board of Pleasant Valley Public Service District met in regular session, pursuant to notice duly posted, on the 12th day of January, 1995, at the District Office near Maidsville, West Virginia, at the hour of 6:00 p.m.

PRESENT:	Burdette Allen Cogar	-	Chairman and Member
	Stella S. Long	-	Secretary and Member
	Arlie Chipps	-	Treasurer and Member

ABSENT: None.

Burdette Allen Cogar, Chairman, presided, and Stella S. Long, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, on motion duly made and seconded, the following people were nominated and elected to the following offices:

Chairman	-	Burdette Allen Cogar
Secretary	-	Stella S. Long
Treasurer	-	Arlie Chipps

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

B. Allen Cogar
Chairman

Stella S. Long
Secretary

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the regular meeting of said Public Service Board held January 12, 1995, and that such action remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 7th day of December, 1995.



Secretary, Pleasant Valley Public Service
District, Public Service Board

12/06/95
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PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, STELLA S. LONG, SECRETARY of the Public Service Board of Pleasant Valley Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

The Public Service Board of Pleasant Valley Public Service District met in regular session, pursuant to notice duly posted, on the 2nd day of November, 1995, in Madsville, West Virginia, at the hour of 6:00 p.m.

PRESENT:	Burdette Allen Cogar	-	Chairman and Member
	Stella S. Long	-	Member
	Arlie Chipps	-	Member

Mr. Cogar announced that a quorum of members was present. Burdette Allen Cogar, Chairman, then presided, and Stella S. Long, acted as Secretary.

The Chairman announced that the meeting was now open for any business properly before it. Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$476,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Stella Long, seconded by Arlie Chipps, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE INTERUTILITY AGREEMENT ENTERED INTO BY AND BETWEEN PLEASANT VALLEY PUBLIC SERVICE DISTRICT AND MT. MORRIS SEWAGE AND WATER AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion of Stella Long, seconded by Arlie Chipps, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

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

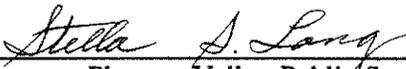
B. Aden Cogas
Chairman

Stella S. Long
Secretary

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of a special meeting of said Public Service Board held November 2, 1995, 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 7th day of December, 1995.



Secretary, Pleasant Valley Public Service
District, Public Service Board

12/04/95
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709560/94001

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STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

December 7, 1995

Pleasant Valley Public Service District
Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

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

1000 HAMPTON CENTER
P. O. BOX 1816
MORGANTOWN, W. VA. 26507-1816
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25401-5429
(304) 263-6991
FACSIMILE (304) 263-4785

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

THE BRYAN CENTRE
P. O. BOX 570
82 WEST WASHINGTON STREET, FOURTH FLOOR
HAGERSTOWN, MARYLAND 21740-0570
(301) 739-8600
FACSIMILE (301) 739-8742

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

THE PMC BUILDING, SUITE 101
P. O. BOX 628
417 GRAND PARK DRIVE
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

Vincent A. Collins by Francesca Jar

Vincent A. Collins

Enclosures

Copy of letter with enclosure to:
Samme L. Gee, Esquire
Roderick A. Devison, Esquire
Mr. Burdette Allen Cogar

12/04/95
8038.LTR
709560/94001

(Rev. May 1995)

Department of the Treasury
Internal Revenue Service

Part I Reporting Authority If Amended Return, check here

1 Issuer's name
PLEASANT VALLEY PUBLIC SERVICE DISTRICT

2 Issuer's employer identification number
62 1012292001

3 Number and street (or P.O. box if mail is not delivered to street address)
P. O. BOX 245

Room/suite

4 Report number
G19 95 - 1

5 City, town, or post office, state, and ZIP code
MAIDSVILLE, WEST VIRGINIA 26541

6 Date of issue
12/07/95

7 Name of issue
Water Revenue Bonds, Series 1995

8 CUSIP number
None

Part II Type of Issue (check applicable box(es) and enter the issue price)

9	<input type="checkbox"/> Education (attach schedule—see instructions)	9	\$
10	<input type="checkbox"/> Health and hospital (attach schedule—see instructions)	10	
11	<input type="checkbox"/> Transportation	11	
12	<input type="checkbox"/> Public safety	12	
13	<input type="checkbox"/> Environment (including sewage bonds)	13	
14	<input type="checkbox"/> Housing	14	
15	<input checked="" type="checkbox"/> Utilities	15	\$476,000
16	<input type="checkbox"/> Other. Describe (see instructions) ▶	16	
17	If obligations are tax or other revenue anticipation bonds, check box ▶		
18	If obligations are in the form of a lease or installment sale, check box ▶		

Part III Description of Obligations

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	10/1/2033	6.75%	\$ 32,863	32,878			
20 Entire issue			476,000	476,000	26.494 years	6.751%	6.750%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

21	Proceeds used for accrued interest	21	10,175
22	Issue price of entire issue (enter amount from line 20, column (c))	22	476,000
23	Proceeds used for bond issuance costs (including underwriters' discount)	23	12,000
24	Proceeds used for credit enhancement	24	—0—
25	Proceeds allocated to reasonably required reserve or replacement fund	25	35,097
26	Proceeds used to currently refund prior issues	26	—0—
27	Proceeds used to advance refund prior issues	27	—0—
28	Total (add lines 23 through 27)	28	47,097
29	Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here)	29	428,903

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

30 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ N/A years

31 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ N/A years

32 Enter the last date on which the refunded bonds will be called ▶ N/A

33 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

34 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) ▶ —0—

35 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(II) (small issuer exception) ▶ —0—

36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions) ▶ —0—

b Enter the final maturity date of the guaranteed investment contract ▶ N/A

37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box and enter the name of the issuer ▶ W.Va. Water Development Authority and the date of the issue ▶ September 27, 1994

38 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box

39 If the issuer has identified a hedge, check box

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

B. Allen Cogar 12/07/95
Signature of issuer's authorized representative Date

Burdette Allen Cogar
Chairman
Type or print name and title

U

U

WV MUNICIPAL BOND COMMISSION

812 Quarrier Street
 Suite 300
 Charleston, WV 25301
 (304)558-3971

NEW ISSUE REPORT FORM

Date of Report: 12/07/95

(See Reverse for Instructions)

ISSUE: Pleasant Valley Public Service District
Water Revenue Bonds, Series 1995 (WDA)

ADDRESS: P. O. Box 245, Maidsville, WV 26541 COUNTY: Monongalia

PURPOSE: New Money Refunding
 OF ISSUE: Refunding Refunds issue(s) dated: _____

ISSUE DATE: 12/07/95 CLOSING DATE: 12/07/95

ISSUE AMOUNT: \$476,000 RATE: 6.75%

1st DEBT SERVICE DUE: April 1, 1996 1st PRINCIPAL DUE: October 1, 1996

1st DEBT SERVICE AMOUNT: \$10,174.50 PAYING AGENT: Municipal Bond Commission

ISSUERS BOND COUNSEL: Steptoe & Johnson UNDERWRITERS BOND COUNSEL: Jackson & Kelly

Contact Person: Vincent A. Collins, Esq. Contact Person: Samme L. Gee, Esquire
 Phone: 624-8161 Phone: 340-1318

CLOSING BANK: Integra Bank ESCROW TRUSTEE: _____
 Contact Person: Mary Bowers Contact Person: _____
 Phone: 296-8900 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER: _____
 Contact Person: Mike Buckram Contact Person: _____
 Position: Acting Manager Function: _____
 Phone: 328-5847 FAX: _____ Phone: _____

DEPOSITS TO MBC AT CLOSE: _____

By <input checked="" type="checkbox"/> Wire	<input checked="" type="checkbox"/> Accrued Interest:	\$ _____
<input checked="" type="checkbox"/> Check	<input checked="" type="checkbox"/> Capitalized Interest:	\$ <u>10,175</u>
	<input checked="" type="checkbox"/> Reserve Account:	\$ <u>35,097</u>
	Other:	\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire	_____ To Escrow Trustee:	\$ _____
_____ Check	_____ To Issuer:	\$ _____
_____ IGT	_____ To Cons. Invest. Fund:	\$ _____
	_____ To Other:	\$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

C

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C

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

INTEGRA BANK, a Pennsylvania banking corporation in Mt. Morris, Pennsylvania, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Pleasant Valley Public Service District (the "Issuer"), adopted November 2, 1995, and a Supplemental Resolution of the Issuer adopted November 2, 1995 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated December 7, 1995 in the principal amount of \$476,000 (the "Bonds"), and agrees to perform all duties of Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature this 7th day of December, 1995.

INTEGRA BANK


Market Manager

12/04/95
PVJ.Q3
709560/94001

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

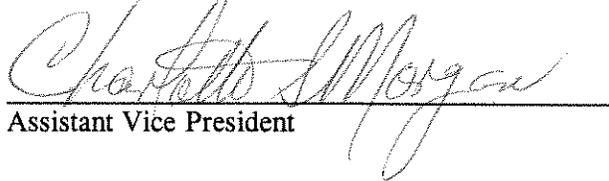
Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association, with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Pleasant Valley Public Service District Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated December 7, 1995, in the principal amount of \$476,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 7th day of December, 1995.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

12/04/95
PVJ.R2
709560/94001

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1995
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, Assistant Vice President of ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar under the Bond Legislation and Registrar's Agreement providing for the Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), of Pleasant Valley Public Service District (the "Issuer"), hereby certify that on the day hereof, the single, fully registered Pleasant Valley Public Service District Revenue Bond, Series 1995 (West Virginia Water Development Authority), of the Issuer, dated December 7, 1995, in the principal amount of \$476,000, numbered R-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 7th day of December, 1995.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

12/04/95
PVJ.S2
709560/94001



.....

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 7th day of December, 1995, by and between PLEASANT VALLEY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$476,000 Water Revenue Bonds, Series 1995A (West Virginia Water Development Authority), in fully registered form (the "Bonds"), pursuant to a Bond Resolution of the Issuer adopted November 2, 1995, and a Supplemental Resolution of the Issuer adopted November 2, 1995 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Pleasant Valley Public Service District
Post Office Box 245
Maidsville, West Virginia 26541-0245
Attention: Chairman

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, PLEASANT VALLEY PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first written above.

PLEASANT VALLEY PUBLIC SERVICE
DISTRICT

B. Allen Cozar
Chairman

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Charlette Morgan
Assistant Vice President

12/04/95
PVJ.T2
709560/94001

EXHIBIT A

Bond Legislation included in transcript as Documents No. 1 and 2

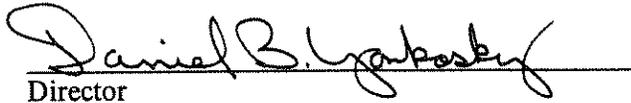
SCHEDULE OF COMPENSATION

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Water Revenue Bonds, Series 1995 (West Virginia Water Development Authority), of Pleasant Valley Public Service District in the principal amount of \$476,000, numbered R-1, dated December 7, 1995, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

WITNESS my signature on this 7th day of December, 1995.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Director

12/06/95
PVJ.X1
709560/94001

UNITED STATES OF AMERICA

STATE OF WEST VIRGINIA

COUNTY OF MONONGALIA

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

WATERWORKS REVENUE BOND

SERIES A

\$ 225,500.00

KNOW ALL MEN BY THESE PRESENTS: That Pleasant Valley Public Service District, of Monongalia County, West Virginia (hereinafter called the "Borrower"), hereby acknowledges itself indebted and for value received promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (hereinafter called the "Government"), the principal sum of \$ 225,500.00, plus interest on the unpaid principal balance at the rate of 3.75 % per annum. The said principal and interest shall be payable in the following installments on or before the following dates: \$ 7635.00 on the first day of January, 1967; \$ 10,706.00 on the first day of January, 1968, and \$ 11,215.00 annually thereafter on the first day of January until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty (40) years from the date of this Bond. Unpaid accrued interest shall be paid on the first day of July, 1968, and the amount of interest so paid shall be deducted from the next succeeding installment of \$ 11,215.00 due the next succeeding first day of January, similarly, unpaid accrued interest shall be paid annually thereafter on the first day of July, and similarly, deducted from the next succeeding installment due on the next succeeding first day of January.

29A

Interest shall accrue on each advance of the loan actually received by Borrower from the date it is received to the next interest payment date and semi-annually thereafter as above stated.

The consideration therefor shall support any agreement modifying the foregoing schedule of payments.

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

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.

This Bond shall be registered as to principal and interest in the name of the United States of America in an appropriate book in the office of the Secretary of Borrower, each registration to be noted on the back hereof by said Secretary and no transfer hereof shall be valid unless made on the said book and similarly noted on the back hereof.

Both the principal and interest shall be paid to the United States of America as such registered holder at the office of the Farmers Home Administration serving Monongalia County, West Virginia.

Borrower agrees that the Government at any time may assign this Bond, and, in such case, although the Bond is not held by the Government, Borrower shall continue to pay to the Government, as collection agent for the Holder, all installments of principal and interest as scheduled herein.

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.

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.

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt; and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government, at its option, may declare all or any part of any such indebtedness immediately due and payable.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961, and 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 issued under the authority contained in Article 13A, Chapter 16, Code of West Virginia, and a resolution duly adopted by Borrower on the _____ day of _____, 19____, for the purpose of defraying a portion of the costs of acquiring and constructing a waterworks system.

Article 13A, Chapter 16, Code of West Virginia, provides that the property and income of the Borrower and any Bonds issued by the Borrower shall be exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond is payable from all or any part of the revenues derived from the operation of said waterworks system, a sufficient portion of which to pay the principal and interest on this Bond is pledged and shall be set aside as a special fund for that purpose.

This Bond does not constitute a debt of Borrower within the meaning of any statutory limitation.

A statutory mortgage lien, which is hereby recognized as valid and binding upon Borrower and all property constituting said waterworks system is created and granted to and in favor of the holder of this Bond and said waterworks system and any appurtenances or extensions thereto shall remain subject to said statutory mortgage lien until the payment in full of the principal and interest on 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, and happened, and have been performed in due time, form and manner as required by law, that the amount of said Bond, together with all obligations of the District, does not exceed any limits prescribed by the Constitution and statutes of the State of West Virginia, and that a sufficient portion of the net operating income of the waterworks system of the District has been pledged to and will be set aside into the Bond Fund for the prompt payment of the installments of the principal of and interest on this Bond.

UNITED STATES OF AMERICA

STATE OF WEST VIRGINIA

COUNTY OF MONONGALIA

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

WATERWORKS REVENUE BOND

SERIES B

KNOW ALL MEN BY THESE PRESENTS: That Pleasant Valley Public Service District, of Monongalia County, West Virginia (hereinafter called the "Borrower"), hereby acknowledges itself indebted and for value received promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (hereinafter called the "Government"), the principal sum of \$ 75,000.00, plus interest on the unpaid principal balance at the rate of 4½ % per annum. The said principal and interest shall be payable in the following installments on or before the following dates: \$ 1,211.00 on the first day of January, 1969, and \$ 4,199.00 annually thereafter on the first day of January until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable thirty-eight (38) years from the date of this Bond.

The consideration therefor shall support any agreement modifying the foregoing schedule of payments.

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

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.

29B

This Bond shall be registered as to principal and interest in the name of the United States of America in an appropriate book in the office of the Secretary of Borrower, each registration to be noted on the back hereof by said Secretary and no transfer hereof shall be valid unless made on the said book and similarly noted on the back hereof.

Both the principal and interest shall be paid to the United States of America as such registered holder at the office of the Farmers Home Administration serving Monongalia County, West Virginia.

Borrower agrees that the Government at any time may assign this Bond, and, in such case, although the Bond is not held by the Government, Borrower shall continue to pay the Government, as collection agent for the Holder, all installments of principal and interest as scheduled herein.

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.

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.

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt; and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government, at its option, may declare all or any part of any such indebtedness immediately due and payable.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961, and 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 issued under the authority contained in Article 13A, Chapter 16, Code of West Virginia, and a resolution duly adopted by Borrower on the 23rd day of August, 1968, for the purpose of defraying a portion of the costs of acquiring and constructing a Waterworks System extension.

Article 13A, Chapter 16, Code of West Virginia, provides that the property and income of the Borrower and any Bonds issued by the Borrower shall be exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond is payable from all or any part of the revenues derived from the operation of said Waterworks System, a sufficient portion of which to pay the principal and interest on this Bond is pledged and shall be set aside as a special fund for that purpose.

This Bond does not constitute a debt of Borrower within the meaning of any statutory limitation.

A statutory mortgage lien, which is hereby recognized as valid and binding upon Borrower and all property constituting said Waterworks System is created and granted to and in favor of the holder of this Bond and said Waterworks System and any appurtenances or extensions thereto shall remain subject to said statutory mortgage lien until the payment in full of the principal and interest on 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, and happened, and have been performed in due time, form and manner as required by law, that the amount of this Bond, together with all obligations of the District, does not exceed any limits prescribed by the Constitution and statutes of the State of West Virginia, and that a sufficient portion of the net operating income of the Waterworks System of the District has been pledged to and will be set aside into the Bond Fund for the prompt payment of the installments of the principal of and interest on this Bond.

IN WITNESS WHEREOF, Pleasant Valley Public Service

District has caused this Bond to be signed by the Chairman of its
(initials and name of person who signed on)
Public Service Board and its corporate seal to be hereunto affixed and
attested by the Secretary of said Board, all as of the 23rd day of 1
August 1968.

William E. Long, Secretary Allen M. Phillips, Jr., Chairman

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

By s/Allen M. Phillips, Jr.
Chairman of its Public
Service District Board

(CORPORATE SEAL)

ATTEST:

s/ William E. Long
Secretary of its Public
Service District Board

ARTICLE VI - MISCELLANEOUS

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PLEASANT VALLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$295,000 WATER REVENUE BOND, SERIES 1976, OF PLEASANT VALLEY PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF ADDITIONS TO ITS EXISTING WATERWORKS; 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 FOR A STATUTORY MORTGAGE LIEN UPON THE SYSTEM IN FAVOR 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 PLEASANT VALLEY 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 Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Pleasant Valley Public Service District (herein called the "District") is a public service district created pursuant to said Article 13A by the County Commission of Monongalia County.

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

(A) The District now has a public waterworks system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements to the waterworks system of the District consisting of approximately 8 miles of distribution lines, a booster station and a 15,000 gallon water tank, with all necessary appurtenant facilities (herein called 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 of the District (herein called the "Board").

(C) It is necessary for the District to issue its revenue bond in the principal amount of \$295,000 to finance the cost of such construction in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is \$295,000, all which will be obtained from the proceeds of sale of the Series 1976 Bond herein authorized.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Series 1976 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 construction of the Project and the financing authorized by this resolution.

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

(G) There are outstanding two obligations of the District which will rank on a parity with the Series 1976 Bond as to lien and source of and security for payment, as follows:

The outstanding Waterworks Revenue Bond, Series A, of the District, dated April 14, 1966, in the principal amount of \$285,500 (the "Series A Bond"), authorized by a resolution of the Board adopted on the 14th day of April, 1966 (the "1966 Resolution").

The outstanding Waterworks Revenue Bond, Series B, of the District, dated August 23, 1968, in the principal amount

of \$75,000 (the "Series B Bond"), authorized by a resolution of the Board adopted on the 23rd day of August, 1968 (the "1968 Resolution").

(H) The entire principal amount outstanding of the Series A and B Bonds is held or insured by the Government, which has heretofore consented to the issuance of the Series 1976 Bond as herein authorized and has seen and approved a copy of this Resolution prior to the adoption hereof. The Government is expected by the Board to purchase the entire principal amount of the Series 1976 Bond.

(I) The District 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 Series 1976 Bond, or will have so complied prior to issuance of the Series 1976 Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Series 1976 Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolutions to Constitute Contract. In consideration of the acceptance of the Series 1976 Bond by the Government, this Resolution, the 1966 Resolution and the 1968 Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholder, and the covenants and agreements set forth in such Resolutions to be performed by the District shall be for the benefit, protection and security of the Government as holder of all the Bonds.

Section 1.04. Definitions. The following terms shall have the following meanings in this resolution unless the text otherwise expressly requires:

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

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bonds" means the \$295,000 Water Revenue Bond, Series 1976, originally authorized to be issued pursuant to this Resolution and shall

also include, the Series A and Series B Bonds.

"Bond Fund" means collectively the Bond Fund established by the 1966 Resolution and the National Finance Office named in the Series 1976 Bond.

"Series A Bond" means the Series A Bond defined above.

"Series B Bond" means the Series B Bond defined above.

"Series 1976 Bond" means the Bond hereby authorized to be issued.

"Chairman" means the Chairman of the Board.

"Consulting Engineer" means Thomas E. Urquhart, Morgantown,
West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the District as Consulting Engineer for the System.

"District" means Pleasant Valley Public Service District, of Monongalia County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"Established by the 1966 Resolution" means also "and continued by this Resolution".

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

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

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

"Herein" means in this Resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to the bearer.

"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 District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Original Purchaser" means the purchaser, directly from the District, of the Series 1976 Bond or of any part of such series.

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

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the District, or accrued to the District, 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 Board.

"System" means the complete waterworks system of the District as extended and improved by the Project, including all water facilities owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the Project.

Words importing singular number shall include the plural number

in each case and vice versa, and words importing persons shall include firms and corporations.

Section 1.05. 1966 Resolution Applies. Except as otherwise herein provided, all provisions of the 1966 Resolution shall apply to the Series 1976 Bond, and this Resolution is supplemental and amendatory of the 1966 Resolution. This Resolution and the 1966 Resolution are to be read together.

ARTICLE II
AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF SERIES
1976 BOND

Section 2.01. Authorization of Series 1976 Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the District, to be known as "Water Revenue Bond, Series 1976", is hereby authorized to be issued in the aggregate principal amount of not exceeding Two Hundred Ninety-Five Thousand Dollars (\$295,000) for the purpose of financing the cost of the construction and acquisition of the Project.

Section 2.02. Description of Series 1976 Bond. The Series 1976 Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Series 1976 Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Series 1976 Bond shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the District, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Execution of Series 1976 Bond. The Series 1976 Bond shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. The Series 1976 Bond may be signed and sealed on behalf of the District by such person as at the actual time of the execution of such Series 1976 Bond shall hold the proper office on the Board, although at the date of such Series 1976 Bond such person may not have held such office or may not have been so authorized.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 1976 Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Series 1976 Bond of like tenor as the Series 1976 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 1976

Bond or in lieu of and substitution for the Series 1976 Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Series 1976 Bond so surrendered shall be canceled and held for the account of the District. If the Series 1976 Bond shall have matured or be about to mature, instead of issuing a substitute Series 1976 Bond the District may pay the same, and, if such Series 1976 Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Series 1976 Bond shall be secured forthwith equally and ratably, and on a parity in all respects with the Series A and Series B Bonds, 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. 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 into the Bond Fund and otherwise as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 1976 Bond as the same become due and on a parity with payments of principal of and interest on the Series A and Series B Bonds.

Section 2.06. Form of Series 1976 Bond. Subject to the provisions of this Resolution, the text of the Series 1976 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 by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1976

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

\$295,000

No. 1

Date: _____

FOR VALUE RECEIVED, PLEASANT VALLEY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Hundred Ninety-Five Thousand Dollars (\$295,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$1,446, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the

Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

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

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

This Bond is on a parity with the Waterworks Revenue Bond, Series A, of the Borrower issued in the principal amount of \$285,500 on the 14th day of April, 1966 (the "Series A Bond") and the Waterworks Revenue Bond, Series B, of the Borrower issued in the principal amount of \$75,000 on the 23rd day of August, 1968 (the "Series B Bond") pursuant to resolutions of the Borrower adopted on the last named date. Consent of the holder of the Series A and Series B Bonds has been given for the issuance of this Bond on a parity with the Series A and Series B Bonds.

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

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the 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.

[CORPORATE SEAL]

PLEASANT VALLEY PUBLIC SERVICE DISTRICT
(Name of Borrower)

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

ATTEST:

Route 1
(Post Office Box No. or Street Address)

Maidsville, West Virginia 26541
(City, State and Zip Code)

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

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

TOTAL _____

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

ARTICLE III

SERIES 1976 BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. Series 1976 Bond Proceeds; Project Construction Account. All moneys received from the sale of the Series 1976 Bond shall be deposited on receipt by the District in Farmers and Merchants Bank, Morgantown, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account heretofore created and designated as "Pleasant Valley Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this Resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and deposit in the Bond Fund, not later than fifteen days prior to the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the Series 1976 Bond on such interest payment date if moneys in the Bond Fund are insufficient for such purpose.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made,

any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Government.

Section 3.02. Covenants of the District as to 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 Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of all the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the District further covenants with the holder of the 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 District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" was established by the 1966 Resolution. The Revenue Fund is with said Bank. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this Resolution.

(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:

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

(2) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Series 1976 Bond and into the Bond Fund established by the 1966 Resolution the amounts required to pay the interest on the Series 1976 and the Series A and Series B Bonds, respectively, and to amortize the principal of the Series 1976 and the Series A and Series B Bonds over the respective lives of the Bond issues.

(3) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund heretofore by the 1966 Resolution established with said Bank, 1/12 of 1/10 of the maximum amount of principal and interest becoming due on the Series 1976 Bond in any year, in addition to the deposits into the Reserve Fund required by the 1966 and the 1968 Resolutions, until the aggregate amount in the Reserve Fund equals the sum of \$37,000, such sum being herein called the "Minimum Reserve". After the Minimum Reserve has been accumulated in the Reserve Fund, the District shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payments of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series A, Series B and Series 1976 Bonds into the Bond Fund and to said National Finance Office, respectively, as the same shall become due on an equal pro rata basis and on a parity with each other or for prepayment of installments, pro rata on the Bonds, or for mandatory redemption of the Bonds as hereinafter provided, and for no other purpose.

(4) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve hereby established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$30,000 and thereafter, such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the District and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bonds outstanding, it shall be the mandatory duty of the District, anything to the contrary in this Resolution notwithstanding, to direct the said Bank to prepay the Bonds at the earliest practical date and in accordance with applicable provisions hereof.

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

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

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

The Fiscal Agent shall keep the moneys in the Reserve Fund and

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

(C) Change of Fiscal Agent. The District may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Board determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Board will cause notice of the change to be sent by registered or certified mail to the Government.

(D) Additional User Contracts. The District shall, prior to delivery of the Series 1976 Bond (1) obtain user agreements from not less than 93 new users, and shall collect and deposit in the Project Construction Account not less than \$9,300, based on a tap fee of \$100, and (2) obtain an agreement with the West Virginia Department of Highways, for a term of not less than three years from the time water becomes available for delivery under such agreement, for water usage through a two-inch meter to serve facilities of said Department of Highways.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the 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 District and the Government.

Section 4.02. Rates. The District will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government so long as the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant to this Resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Bonds remain outstanding, it will, as an expense of operation and maintenance of the System, procure, carry

and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) Public Liability Insurance, with limits of not less than \$100,000 for one person and \$300,000 for more than one person injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than \$100,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than \$100,000 for one person and \$300,000 for more than one person injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than \$100,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds

to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District 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 \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

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

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Series 1976 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 Series 1976 Bond and shall be on a parity with such lien in favor of the Series A and Series B Bonds.

Section 4.07. 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 into the Bond Fund at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Bond or in this resolution, or violation of or failure to observe any provision of any pertinent law, provided any such failure or violation, excluding that covered in (A) above in this Section, shall continue for a period of thirty days after written notice shall have been given to the District by the Government specifying such failure or violation and requiring the same to be remedied.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Government 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 Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its 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 4.09. Fiscal Year; Budget. While the Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the District 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 Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

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

Section 4.10. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board 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 of this resolution.

Section 4.11. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.12. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and the

Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District 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 Government.

Section 4.13. Maintenance of System. The District 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 4.14. No Competition. The District 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 District or within the territory served by the System.

Section 4.15. Concerning Arbitrage. It is not reasonably expected that the proceeds of sale of the Series 1976 Bond will be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(d) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions of this Resolution:

AVAILABILITY OF SERVICE

Available for all domestic, commercial, institutional and industrial consumers within the District's service area.

RATES FOR WATER USED PER MONTH

First	3,000 gallons	\$ 2.50 per 1000 gallons
Next	7,000 gallons	2.00 per 1000 gallons
Next	10,000 gallons	1.80 per 1000 gallons
All over	20,000 gallons	1.50 per 1000 gallons

MINIMUM CHARGE

No monthly bill shall be rendered for less than the following amounts based on size of meter:

5/8 x 3/4" meter or smaller	\$ 7.50
3/4" meter	10.80
1" meter	19.20
1 1/2" meter	43.20
2" meter	75.80

BULK RATE FOR MOUNT MORRIS, PENNSYLVANIA

All water sold to the Town of Mount Morris, Pennsylvania, will be billed at the rate of 76¢ per 1,000 gallons of water delivered.

TAP FEES FOR NEW SERVICE

Prior to advertising for construction bids	\$ 25.00
Prior to completion of construction	75.00
After completion of construction	100.00

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within 20 days after date of billing, a penalty of ten per cent will be added to the net amount of the bill.

If any bill is not paid within 60 days of the date thereof, the bill will be considered delinquent and subject to disconnection. However, water service shall not be disconnected to any customer for nonpayment of the bill without first having diligently tried to induce the customer to pay the same and until after at least twenty-four (24) hours' written notice to the customer. Service shall not be restored until all amounts in arrears, including accrued penalties, plus a reconnection fee of \$5.00 have been paid.

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. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

D. The District 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 District 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 District 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.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Board are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflicts, hereby repealed, including expressly the 1966 and the 1968 Resolutions to the extent of any such conflicts, but expressly excluding the Series A and Series B Bonds as issued.

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted April 19, 1976.

Willis Rober
Chairman of Public Service Board

William B. Long
Member

Member

P. S. C. Form 1
LM

P. S. C. W. Va. No. 4

Cancelling P. S. C. W. Va. No. 3

PLEASANT VALLEY PUBLIC SERVICE DISTRICT, a public utility
(Name of Utility)

OF

Morgantown, West Virginia
(Location of Office)

Rates, Rules and Regulations for Furnishing
WATER

AT

DEC 17 1990
Special Studies Section
RECEIVED

In the area along WV State Route No. 100 from Maidsville, WV,
to its intersection with U. S. Route No. 19, North of Morgantown,
serving the Community of Pleasant Valley Northward to Pennsylvania
state line.

Filed with THE PUBLIC SERVICE COMMISSION
OF
WEST VIRGINIA

Issued December 11, 1990 Effective December 17, 1990

Issued by authority of an Order
of the Public Service Commission
of West Virginia in Case No. 90-028-PND-19A,
dated December 11, 1990.

Issued by PLEASANT VALLEY PUBLIC SERVICE DISTRICT
(Name of Utility)

By *Charles T. Parker*

Chairman

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, and industrial service.

- (A) RATE
- | | | |
|----------|-------------------------------|--------------------------|
| First | 3,000 gallons used per month | \$3.19 per 1,000 gallons |
| Next | 17,000 gallons used per month | \$2.53 per 1,000 gallons |
| All Over | 20,000 gallons used per month | \$1.94 per 1,000 gallons |

Bulk water sold to Mt. Morris, Pennsylvania:

All water purchased \$1.41 per 1,000 gallons

(A) MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to-wit:

5/8 x 3/4-inch meter or smaller	\$ 9.57 per month
3/4-inch meter	14.35 per month
1-inch meter	23.95 per month
1-1/2-inch meter	47.85 per month
2-inch meter	76.55 per month

(A) NEW SERVICE

A connection charge (tap fee) to \$250.00.

(C) DELAYED PAYMENT PENALTY

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

(A) RECONNECTION CHARGE

A reconnection charge of Twenty Dollars (\$20.00) shall be made.

- (A) Indicates advance
(N) Indicates new



GE Capital

General Electric Capital Corporation
2000 West Loop South, Suite 1300
P.O. Box 420250, Houston, TX 77242-0250
713 623-4322

JUNE 20, 1995

COPY

RECEIVED
JUN 26 1995

Thrasher Engineering, Inc

Mr. Burdett A. Cogar, Chairman
Pleasant Valley PSD
P.O. Box 245
Maidsville, WV 26541-0245

SUBJECT: CASE NO. 5953
APPROVAL OF YOUR REQUEST TO BORROW AN ADDITIONAL \$436,000 ON A
JUNIOR LIEN BASIS FROM WEST VIRGINIA DEVELOPMENT AUTHORITY
(WVDA)

Dear Mr. Cogar:

Your request for approval to borrow an additional \$436,000 ("the new loan") from WVDA has been approved. The security for the new loan will be junior and subordinate in all respects to the lien(s) securing the debt outstanding to the Community Program Loan Trust 1987A ("the Trust").

Approval of this request is specifically conditioned upon the following:

In conjunction with the request for the Trust's consent, by GE Capital as Master Servicer on behalf of the Trust ("GE Capital"), it is necessary that WVDA agree in writing to provide the following notification:

1. In the event of a material default and prior to WVDA taking any action to foreclose any security interest or lien securing the New Loan, WVDA will provide written notification to GE Capital at its principal place of business, located at 2000 West Loop South, Suite 1300, Houston, Texas 77027, or any other address that GE Capital provides, said notice containing a description of the event of default and of the actions to be taken as a result of such default.
2. Receipt of a copy of the executed closing documents within thirty (30) days after loan closing.

Any variance from the above specified conditions must be approved in writing.

Should you have any questions regarding this letter please contact me at 1-800-456-1443, ext. 4368.

Sincerely,

Pat McEntee
Senior Financial Analyst

addappvl

32A



GE Capital

General Electric Capital Corporation
2000 West Loop South, Suite 1300
P.O. Box 420250, Houston, TX 77242-0250
713 623-4322

JUNE 20, 1995

COPY

RECEIVED
JUN 26 1995

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Should you have any questions regarding this letter please contact me at 1-800-456-1443, ext. 4368.

Sincerely,

Pat McEntee
Senior Financial Analyst

addappvl

32A



GE Capital

General Electric Capital Corporation
2000 West Loop South, Suite 1300
P.O. Box 420250, Houston, TX 77242-0250
713 623-4322

JUNE 20, 1995

COPY**RECEIVED**
JUN 26 1995

Thrasher Engineering, Inc.

Mr. Burdett A. Cogar, Chairman
Pleasant Valley PSD
P.O. Box 245
Maidsville, WV 26541-0245

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Approval of this request is specifically conditioned upon the following:

In conjunction with the request for the Trust's consent, by GE Capital as Master Servicer on behalf of the Trust ("GE Capital"), it is necessary that WVDA agree in writing to provide the following notification:

1. In the event of a material default and prior to WVDA taking any action to foreclose any security interest or lien securing the New Loan, WVDA will provide written notification to GE Capital at its principal place of business, located at 2000 West Loop South, Suite 1300, Houston, Texas 77027, or any other address that GE Capital provides, said notice containing a description of the event of default and of the actions to be taken as a result of such default.
2. Receipt of a copy of the executed closing documents within thirty (30) days after loan closing.

Any variance from the above specified conditions must be approved in writing.

Should you have any questions regarding this letter please contact me at 1-800-456-1443, ext. 4368.

Sincerely,

Pat McEntee
Senior Financial Analyst

addappvl



GE Capital

General Electric Credit Corporation
 2000 West Loop South, Suite 1300
 P.O. Box 420250, Houston, TX 77242-0250
 713 623-4322

JUNE 20, 1995

COPY

RECEIVED
 JUN 26 1995

Thrasher Engineering, Inc.

Mr. Burdett A. Cogar, Chairman
 Pleasant Valley PSD
 P.O. Box 245
 Madsville, WV 26541-0245

SUBJECT: CASE NO. 5953
 APPROVAL OF YOUR REQUEST TO BORROW AN ADDITIONAL \$436,000 ON A
 JUNIOR LIEN BASIS FROM WEST VIRGINIA DEVELOPMENT AUTHORITY
 (WVDA)

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P.O. Box 420250, Houston, TX 77242-0250
713 623-4322

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JUN 26 1995

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Sincerely,

Pat McEntee
Senior Financial Analyst

addappvl

32A



GE Capital

General Electric Capital Corporation
2000 West Loop South, Suite 1300
P.O. Box 420250, Houston, TX 77242-0250
713 623-4322

JUNE 20, 1995

COPY

RECEIVED
JUN 26 1995

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Mr. Burdett A. Cogar, Chairman
Pleasant Valley PSD
P.O. Box 245
Maidsville, WV 26541-0245

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Sincerely,

Pat McEntee
Senior Financial Analyst

addappvl



GE Capital

General Electric Capital Corporation
2000 West Loop South, Suite 1300
P.O. Box 420250, Houston, TX 77242-0250
713 623-4322

JUNE 20, 1995

COPY**RECEIVED**
JUN 26 1995

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Pleasant Valley PSD
P.O. Box 245
Maidsville, WV 26541-0245

SUBJECT: CASE NO. 5953
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Sincerely,

Pat McEntee
Senior Financial Analyst

addappvl

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

November 7, 1995

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

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25401-5429
(304) 263-6991
FACSIMILE (304) 263-4785

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

THE BRYAN CENTRE
P. O. BOX 570
82 WEST WASHINGTON STREET, FOURTH FLOOR
HAGERSTOWN, MARYLAND 21740-0570
(301) 739-8600
FACSIMILE (301) 739-8742

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

THE PMC BUILDING, SUITE 101
P. O. BOX 628
417 GRAND PARK DRIVE
PARLERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

(304)624-8161

Pleasant Valley Public Service District
\$476,000 Water Revenue Bonds, Series 1995 (WDA)

VIA FAX

Mr. Pat McEntee
Senior Analyst
G. E. Capital Corporation
Post Office Box 420250
Houston, Texas 77042-0250

Dear Mr. McEntee:

In accordance with our telephone discussion yesterday, please be advised that Pleasant Valley Public Service District in Monongalia County, West Virginia, will borrow the sum of \$476,000 from West Virginia Water Development Authority on a junior lien basis with respect to the outstanding water revenue bonds held by GE Capital Corporation. The amount of the loan has increased from the previously estimated \$436,000 due to the District's decision to prefund the debt service reserve fund in the amount of \$35,082 (maximum annual debt service) and a slight increase in project costs due to delays in fighting off a determined intervenor at the Public Service Commission. The existence of a prefunded debt service reserve will enhance the security for this loan and make it less likely that a shortfall of revenues would cause a default on this loan or the bonds previously issued.

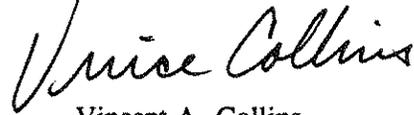
Accordingly, the District hereby requests the approval of GE Capital Corporation to this change. Since we plan to close on November 9, 1995, I would appreciate your faxing your approval to me.

32B

Mr. Pat McEntee
Page 2

My best regards.

Very truly yours,

A handwritten signature in black ink that reads "Vincent A. Collins". The signature is written in a cursive style with a large, sweeping initial "V".

Vincent A. Collins

VAC/jlt
MCENTEE.L01
709560/94001

**GE Capital**

November 7, 1995

*GE Capital Asset Management Corporation
A unit of GE Capital Mortgage Corporation
2000 West Loop South, Suite 1300
P.O. Box 420250, Houston, TX 77242-0250
713 623-4322*

Mr. Burdett A. Cogar, Chairman
Pleasant Valley PSD
P.O. Box 245
Maidsville, WV 26541-0245

**SUBJECT: CASE NO. 5953
APPROVAL OF YOUR REQUEST TO BORROW AN ADDITIONAL \$476,000 ON A
JUNIOR LIEN BASIS FROM WEST VIRGINIA DEVELOPMENT AUTHORITY
(WVDA)**

Dear Mr. Cogar:

Your request for prior written consent pursuant to your loan documents to borrow an additional \$476,000 ("the new loan") from WVDA has been approved; subject to compliance with the terms of this letter. The instruments evidencing and securing the new loan must expressly provide that (a) the debt and lien evidenced thereby are junior and subordinate in all respects to the lien(s) securing the debt outstanding to the Community Program Loan Trust 1987A ("the Trust"), and (b) in the event of a default under such new loan and prior to the holder thereof taking any action to foreclose any security interest or lien securing the new loan, such holder will provide written notification to the Trust c/o GE Capital Corporation at 2000 West Loop South, Suite 1300, Houston, Texas 77027, or any other address that GE Capital Corporation provides, said notice containing a description of the event of default and of the actions intended to be taken as a result of such default. You must also provide us a copy of the executed closing documents within thirty (30) days after loan closing.

Any variance from the above specified conditions will negate this consent unless same are approved by us in advance in writing. Should you have any questions regarding this letter please contact me at 1-800-456-1443, ext. 4368.

Sincerely,

Pat McEntee
Portfolio Manager

c. Rochelle Costrell, Vice President
State Street Bank & Trust Company
Corporate Trust Department
P.O. Box 778
Boston, MA 02102

32C

WEST VIRGINIA WATER DEVELOPMENT BOARD

MINUTES

A meeting of the West Virginia Water Development Board was held on Friday, September 22, 1995, at the Water Development Authority's office in Dunbar, West Virginia. A quorum was constituted by the following members present:

Charles Williams, Vice Chairman
Percy Osborne, Member
Fred Cutlip, Ex Officio Member, West Virginia Development Office
Don Kuntz, Proxy for Ex Officio Member, Bureau of Public Health
Mark Scott, Proxy for Ex Officio Member, Division of Environmental Protection

The member absent was:

Ray Bragg, Chairman

Also in attendance were:

Bill Bragg, Goodwin & Goodwin
Steve Dearien, Smith, Cochran & Hicks
Lee Hill, Jackson & Kelly
Holly Huddleston, Smith, Cochran & Hicks
Barbara Meadows, Secretary/Treasurer
Jo Mortensen, PaineWebber Incorporated
Douglas Olds, Water Development Authority
Marie Prezioso, Ferris, Baker Watts, Incorporated
Chuck Smith, Smith, Cochran & Hicks
John Stump, Steptoe & Johnson
Steve Wood, PaineWebber Incorporated
Daniel Yonkosky, Director

The meeting was called to order at 10:10 a.m. by Charles Williams, Vice Chairman. At the Chair's request, guests in attendance introduced themselves.

Vice Chairman Williams asked for corrections to the minutes of the June 16, 1995, meeting. Percy Osborne moved the minutes be approved as amended related to attendance. Don Kuntz seconded, and all approved.

Director Yonkosky began discussion on the Construction Loan Program by reporting on the status of the Series 1994A Bond loan fund, which has \$950,532 remaining. Anticipated loan closings require more funds than are available in the loan fund; therefore, the Authority staff requested approval to reactivate the Bridge Loan Program to fund projects until the next bond issue. After brief discussion, Mr. Kuntz moved the Authority be authorized to provide not more than \$3 million in loans to local governmental agencies to fund their water development projects at an interest rate of 6.75 percent, which loans are to be made under the same terms and conditions as loans made from the Loan Program. Mark Scott seconded the motion, and all approved.

Because all loan funds from the 1994 Series A bond proceeds have been committed and additional requests have been received for funding, Director Yonkosky recommended preparing for a bond issue estimated to be between \$10 and \$15 million and investigating the feasibility of refunding portions of Loan Program I and/or II Bonds in conjunction with the new-money issue.

Steve Wood of PaineWebber Incorporated distributed and reviewed a document detailing the market rate history of the Authority's previous six revenue bond issues. Following discussion, Mr. Scott moved that the Board authorize the Chairman, Director, Bond Counsel (Jackson & Kelly), and Underwriters (Ferris, Baker Watts, Incorporated and PaineWebber Incorporated) to begin preparatory work for a 1995 revenue bond issue. Mr. Osborne seconded, and all approved.

Regarding a potential refunding bond issue, Mr. Wood discussed the historical savings for the last three refundings under Loan Programs I and II and the current estimate for savings on a refunding of certain bonds under Loan Program II. After brief discussion, Mr. Scott moved the Board authorize the Chairman, Director, Bond Counsel and Underwriters to study the potential refunding of bonds and report to the Board at its next meeting. Mr. Kuntz seconded; all approved.

Director Yonkosky explained a request received on behalf of an institutional holder of \$13 million of the Authority's Loan Program II 1990 Series A Bonds asking that the Authority make certain modifications to the escrow agreement to permit Moody's Investors Service, Inc., to issue a rating of Aaa on the 1990 Series A Bonds which were refunded. After discussing the modifications with Counsel, the Director approved the request. The Board was asked to ratify the Director's action. Mr. Kuntz moved that the Board ratify the action of the Director in executing the document authorizing the changes in the escrow for the refunded 1990 Series A Bonds. Mr. Osborne seconded the motion. All approved.

John Stump of Steptoe & Johnson, bond counsel to the Pleasant Valley PSD, explained the request that the Authority take a junior and subordinate lien position on the proposed issuance of a \$476,000 water revenue bond. Numerous attempts have been made to obtain parity consent from GE Capital Corporation, which currently holds the three outstanding bonds totalling \$360,779 that were originally issued by the Farmers Home Administration. The agreement through which GE Capital holds the bonds contains a parity requirement that the issuer must have debt service coverage of not less than 120 percent, and the PSD cannot meet this parity requirement. Following lengthy discussion, Fred Cutlip moved the Board authorize the Authority to purchase the bond of the Pleasant Valley PSD on a junior and subordinate basis, subject to the PSD's satisfaction of all conditions of the Loan Program. Mr. Scott seconded the motion, and all approved.

Director Yonkosky stated that the City of Williamson has requested the Authority's consent to a refunding of the City's interest-bearing Series 1986A Bond without a simultaneous repayment of the zero-interest Series 1986B Bond. It was the consensus of the Board that the Director should meet with the Mayor of the City of Williamson to explain the Authority's policy and to obtain additional information and report to the Board at its next meeting.

Regarding the audit for Fiscal Year 1995, Chuck Smith, a partner in Smith, Cochran & Hicks, expressed appreciation to the Board and staff for their good working relationship with the accounting firm. The audit reflected an unqualified opinion and no internal control weaknesses or noncompliance with laws or regulations. He asked Steve Dearien of Smith, Cochran & Hicks to discuss the audit. Mr. Dearien stated that the auditors are impressed with the staff's cooperativeness and ability to plan for and coordinate the annual audit. He briefly reviewed the specifics of the audit and stated the Authority's audit was again one of the first to be submitted for review by the Financial Accounting and Reporting Section of the West Virginia Department of Administration.

Director Yonkosky briefly discussed recent activities of the West Virginia Infrastructure and Jobs Development Council and distributed a list of projects reviewed by the Council's technical committees and a list of projects expected to need funds from the proceeds of the Infrastructure General Obligation Bonds.

Director Yonkosky noted that the Authority is required to select a trustee bank for the Infrastructure Fund, as provided by Section 9 of the Infrastructure Improvement Act. Because the Act stipulates the bank will be selected by competitive bid, staff had previously provided to the Board a draft request for proposal (RFP) and the critiquing methodology suggested for use in evaluating the proposals. The draft RFP was developed in part from an RFP used by the West Virginia Department of Administration and after consultation with counsel. During lengthy discussion, the criteria used by the Department of Administration to develop the list of banks to whom RFPs were to be sent were questioned; and Director Yonkosky was asked to obtain the parameters used by that Department. Mr. Cutlip then moved that the Board appoint a committee, comprised of Vice Chairman Charles Williams (who will chair the committee), Ex Officio Member Fred Cutlip and Member Percy Osborne, which will determine the list of banks to whom RFPs will be sent, evaluate the RFPs that are submitted, and select the Trustee for the Infrastructure Fund. The committee's action will be reaffirmed by the Board at its next meeting. Mr. Scott seconded the motion, which all approved.

At the Board's March 31 meeting, the Chairman appointed a temporary Personnel Committee (comprised of Vice Chairman Charles Williams, Ex Officio Members Fred Cutlip, Joseph Schock and Mark Scott, and Director Yonkosky) to analyze the function and extent of the administrative role of the Authority relative to the Council because of demands on the Authority in terms of staff commitment and expenses. Since that time, there has been discussion regarding the appointment of a full-time Executive Secretary and clerical staff for the Council. The Director and staff have developed duties and responsibilities for these positions and have worked with the West Virginia Division of Personnel regarding the appointments. The Division of Personnel advised the Authority that by law it is authorized to hire two individuals in exempt positions without the State Personnel Board's approval.

Current legislation provides that the Authority is to be reimbursed for its administrative expenses related to the Council. A reimbursement agreement between the Council and the Authority is being developed by the

Authority's counsel and will include reimbursement of expenses associated with personnel and office space as well as specify to whom these individuals report. A draft agreement will be distributed to the Board.

Under other matters, Director Yonkosky congratulated Barbara Meadows, the Authority's certified public accountant, in recognition of her 30 years of service to the State of West Virginia, a milestone reached on September 28.

The next meeting of the Board will be scheduled by the Chairman and the Director.

There being no further business, Vice Chairman Williams adjourned the meeting at 11:45 a.m.

Barbara B. Meadows, CPS/CPA

COPY

AGREEMENT

THIS AGREEMENT, made and entered into this 14th day of April, 1994, BY AND BETWEEN:

THE MOUNT MORRIS WATER AND SEWAGE AUTHORITY, a Pennsylvania Municipal Corporation situate in Mount Morris, Greene County, Pennsylvania, party of the first part,

A

N

D

THE PLEASANT VALLEY PUBLIC SERVICE DISTRICT, a West Virginia Public Service Corporation, situate in Monongalia County, West Virginia, party of the second part,

WHEREAS, the parties hereto have since the year 1966 operated individual water supply systems on a cooperating basis with water purchased from the Morgantown Utility Board; and,

WHEREAS, it is considered by both parties to be desirable to expand the system in order to provide an additional water supply to each system; and,

WHEREAS, the necessary facilities for the expansion of the system will be constructed in the area of the Pleasant Valley Public Service District; and,

WHEREAS, Pleasant Valley Public Service District is presently using approximately 6 million gallons of water per month and Mount Morris Water and Sewage Authority is using from 2.5 to 3 million gallons of water per month (a total of approximately 8.5 million to 9 million gallons per month); and,

WHEREAS, it is the opinion of the Pleasant Valley Public Service District that its needs will expand by approximately 3 million gallons per month; and,

WHEREAS, it is the opinion of the Mount Morris Water and Sewage Authority that its needs will expand by approximately 3 million gallons per month; and,

WHEREAS, it is the opinion of both parties that in order to provide the additional 6 million gallons of water per month, it will be necessary to construct approximately 18,700 feet of 8 inch line along U.S. Traffic Route 19 from West Virginia Traffic Route 7 to a point within 1,000 feet of the intersection of U.S. Traffic Route 19 and West Virginia Traffic Route 100 where it would connect with the existing 4 inch line of the Pleasant Valley Public Service District system as shown on the attached drawing; and,

WHEREAS, it is estimated that a 200,000 gallon water storage tank would be required to be constructed in an area along said line which is at approximately the same elevation as the existing 100,000 gallon water tank of Pleasant Valley Public Service District and also there will need to be constructed a 280 gallon per minute booster station.

NOW, THEREFORE, intending to be legally bound hereby, it is agreed as follows:

(1) That an improvement shall be made to the Pleasant Valley Public Service District water system essentially as outlined above.

(2) That each authority may wish to make some minor improvements or changes in their existing system at the same time as the above outlined improvements are being constructed.

(3) That the cost of constructing the improvements outlined above would be approximately \$640,000.00 and that the same should be borne equally by Mount Morris Water and Sewage Authority and by Pleasant Valley Public Service District.

(4) That any improvements to the existing system which either party may desire to make shall be at the expense of the party making the improvements to its system.

(5) That because of the parties sharing equally in the cost of the improvements outlined above, the rate charged by Pleasant Valley Public Service District to Mount Morris Water and Sewage Authority for providing water would remain the same as it now is, except in the case of an increase in the cost of water charged by the Morgantown Utility Board for water delivered to the Pleasant Valley Public Service District system, or an increase in the operating cost of the Pleasant Valley Public Service District due to the cost of operating the additional facilities constructed pursuant to this Agreement, as approved by the Public Service Commission of the State of West Virginia which increase may be passed on to Mount Morris Water and Sewage Authority.

(6) That upon completion of the new additions outlined above, Mount Morris Water and Sewage Authority shall be entitled to receive six (6) million gallons of water per month.

WITNESS the due execution hereof the day and year first-above
written.

ATTEST:

MOUNT MORRIS WATER AND SEWAGE AUTHORITY

Fred Peters
Secretary

BY: *A. Russell Haines*
President

ATTEST:

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Helen S. Long
Secretary

BY: *Charles F. Parker*
President

AMENDMENT
AGREEMENT

THIS AGREEMENT, made and entered into this 8th day of
December, 1994, BY AND BETWEEN:

THE MOUNT MORRIS WATER AND SEWAGE AUTHORITY, a Pennsylvania
Municipal Corporation situate in Mount Morris, Greene County, Pennsylvania,
party of the first part,

A

N

D

THE PLEASANT VALLEY PUBLIC SERVICE DISTRICT, a West Virginia
Public Service Corporation, situate in Monongalia County, West Virginia,
party of the second part,

WHEREAS, the parties hereto have heretofore entered into an
Agreement dated April 14, 1994 concerning the extension of the Pleasant
Valley Public Service District existing system and the sharing of the cost
thereof; and,

WHEREAS, both parties have agreed to the need for certain changes
thereto and clarification thereof; and,

NOW, THEREFORE, intending to be legally bound hereby, it is
agreed as follows:

(1) That the line improvement shall be an eight (8) inch line
along U.S. Traffic Route 19 from West Virginia Route 7 to West Virginia
Route 100.

(2) The cost of such improvement shall be shared equally by both of the parties hereto.

(3) That payment of the construction cost will be made from time to time as construction costs are approved by Thrasher Engineering Company.

(4) That Mount Morris Water and Sewage Authority shall be authorized to construct a six (6) inch transmission line from the existing six (6) inch line at West Virginia Route 100 along U.S. Traffic Route 19 to its system in Pennsylvania as shown on sheet 9 file 10-30000 of the plans of Thrasher Engineering printed November 15, 1994.

(5) That Mount Morris Water and Sewage Authority shall be authorized to construct a meter pit at the point of connection to the six (6) inch line at West Virginia Route 100 and U.S. Traffic Route 19. After construction, the meter pit, valves and bypass constructed shall become the property of Pleasant Valley Public Service District and Pleasant Valley Public Service District shall be responsible for the maintenance of said meter pit, valves and bypass.

(6) The Mount Morris Water and Sewage Authority shall be responsible for the maintenance of the six (6) inch line from the meter pit to the Pennsylvania line and thereafter to the connection with its system and shall also be responsible for authorizing any connections made thereto.

(7) In all other respects, the Agreement of April 14, 1994 is hereby ratified and confirmed.

WITNESS the due execution hereof the day and year first-above
written.

ATTEST:

MOUNT MORRIS WATER AND SEWAGE AUTHORITY

Alex Titus
Secretary

BY: *G. Russell Haines*
President

ATTEST:

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

Stella A. Long
Secretary

BY: *B. Allen Cozar*
President

1

2

3

THE CITY OF MORGANTOWN, WEST VIRGINIA, ACTING BY AND THROUGH THE MORGANTOWN WATER COMMISSION

AND

WATER PURCHASE
CONTRACT

PLEASANT VALLEY PUBLIC SERVICE DISTRICT, A WEST VIRGINIA PUBLIC SERVICE CORPORATION.

This contract, made and executed in triplicate this 3RD day of MARCH, 1966, by and between THE CITY OF MORGANTOWN, WEST VIRGINIA, ACTING BY AND THROUGH THE MORGANTOWN WATER COMMISSION, sometimes hereinafter called "Commission", party of the first part, and PLEASANT VALLEY PUBLIC SERVICE DISTRICT, a public service corporation, created, organized and existing under the laws of the State of West Virginia sometimes hereinafter called "District", party of the second part.

W I T N E S S E T H:

THAT WHEREAS, the Commission operates the waterworks system owned by The City of Morgantown, West Virginia, for the purpose of supplying water for domestic, commercial and industrial purposes to the citizens and residents of the City of Morgantown, Monongalia County, West Virginia, and also supplies water for like purposes to certain other municipalities and other unincorporated areas within Monongalia County, West Virginia, and adjacent to the corporate limits of the City of Morgantown, West Virginia, and

WHEREAS, the District was created for the purpose of supplying water for domestic, agricultural and commercial uses

to the citizens and residents of the District and users adjacent thereto outside the corporate limits of the City of Morgantown, West Virginia, the area of said District being generally described as that territory lying north of Morgantown along U. S. Route No. 19 and W. Va. Route No. 100, and including the communities of Maidsville and Pleasant Valley, and

WHEREAS, the quantity of water required by the District to supply its customers will be small and the Commission now has and expects to continue to have a surplus supply of water adequate to meet the requirements of this contract without detriment, inconvenience or disadvantage to the present water consumers and customers of the Commission within the City of Morgantown, West Virginia, and the adjacent territories and areas which said Commission now serves and therefore said Commission is willing to supply the said District so long as it can reasonably do so, the quantity of water provided for in this agreement and the District desires to contract for the purchase of same and to purchase the same from the Commission, and

WHEREAS, the Commission proposes that they are willing to serve the District with water at their main near the Monongahela River north of Granville near the intersection of U. S. Route No. 19 and W. Va. Route No. 100, or at such other location as the Commission might designate, into a 6 inch line of the District's system,

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, that for and in consideration of the covenants and conditions herein set forth and the provisions of this agreement the parties hereto mutually covenant and agree as follows:

1. That the term of this agreement shall be for a period of forty (40) years from and after the date when the District is ready to use water under the terms of this agreement, excepting, however, that said District shall begin to accept water under the terms and provisions of this contract and pay for the same not later than the 1st day of July, 1966, or otherwise the Commission may cancel this agreement without notice. In the event that the District shall begin use of water under the provisions of this contract prior to said 1st day of July, 1966, the date of the beginning of the use of such service shall be endorsed upon the respective executed copies of this agreement and such endorsement shall be signed by the proper officials of the parties hereto.

2. That all of the water purchased by the District under the terms of this agreement shall be paid for under the terms and provisions of Schedule No. 1 of the "Rates, Rules and Regulations for furnishing water at Morgantown, Sabraton, Westover, Suncrest, Monongalia County, West Virginia, and vicinity, effective April 1, 1955", issued under the authority of an order of the Public Service Commission of West Virginia in Case No. 5162, dated March 31, 1955. It is further provided that the District shall pay such other rates and charges under the terms and provisions of this agreement as may hereafter be fixed, determined and provided by the Public Service Commission of West Virginia in any proper proceeding before said Commission. A copy of said rate schedule is attached hereto and made a part hereof.

3. That the Commission shall deliver said water under the provisions of this contract, and the same shall be sold and

delivered to the District through a three inch "Trident Crest" compound meter to be located at, or near, the point mentioned above, at which point water herein provided to be sold shall be delivered to the District. The water meter required in such delivery of water shall be provided and installed by the Commission and installed in a meter pit prepared by the District. The Commission shall and will test any such meters at such times and periods as may be required by the rules and regulations of the Public Service Commission of West Virginia, but any repairs, replacements or renewals of any such meters shall be done at the cost and expense of the District. The Commission shall have access to such meter at all reasonable times for the inspection and/or testing thereof. The Commission, at its expense, shall provide alternate or additional meters and/or other facilities which may be necessary or proper during such periods or proper during such periods of testing and/or maintenance and repair of said meter and other connecting units. In the event that more than one meter is used to measure water sold by the Commission to the District at the point of delivery under this agreement then the readings thereof shall be combined.

4. The Commission agrees to furnish to the District under the terms and provisions of this agreement up to 3,000,000 gallons of water per month. In the event that the District shall be confronted by an emergency situation whereby it shall temporarily need or desire delivery of water in a greater quantity than herein specified it may notify the Commission in writing of such need. The Commission, within its sole discretion, may thereupon deliver such additional quantities of water to the District for the time and to the extent determined to be needed by the District,

but the Commission shall not be required or obligated at any time to make delivery of any such additional quantities of water. The Commission is specifically relieved from any damages that may arise for any failure to fulfill the terms of this contract.

5. It is understood and agreed that the Commission will as nearly as possible at the end of each calendar month read the meter and/or meters and bill the District for the amount of water consumed at the rates above provided, and that the District will pay for said water within fifteen (15) days thereafter. In the event the District shall default in the payment of any statement rendered for water consumed within a period of thirty (30) days after same shall become due and payable, the Commission shall have the right to discontinue supplying water to the District without responsibility or liability to any person, firm or corporation, and may discontinue such service without notice of its intention so to do.

6. It is further understood and agreed between the parties hereto that if the Commission determine this contract be burdensome or impossible of performance by reason of the growth of the City of Morgantown and/or the growth of other areas which it now serves or that the District may, by reason of changes and developments, find that it would be more desirable to establish another source of supply, then, in either event the parties hereto shall have the right to terminate this contract. In the event that either of said parties shall desire to so terminate said contract for any of the reasons set forth in this paragraph they shall on or before the 1st day of June of any year, give written notice of intention so to do and this contract shall be so terminated on the 1st day of June of the year following.

7. In order to avoid any possible future friction which might otherwise arise, it is agreed that so long as the District is purchasing water from the Commission under this agreement it will not charge less for water furnished to its customers than the Commission is at the same time charging its customers outside City limits. It is understood that this contract shall not be construed as to prevent the District from fixing its rates for water sold by it; but only to require that it shall not sell water purchased from the Commission at rates less in amount than the Commission itself charges for like services.

8. The quality of water sold by the Commission to the District under the terms of this agreement shall, as nearly as possible, be the same as that furnished to other customers of the Commission in the Westover area.

9. The Commission shall use reasonable diligence and care to provide a regular and uninterrupted supply of water to the District, and to avoid, if possible, any shortages or interruptions of delivery thereof. The Commission shall not be liable for any failure, interruption or shortage of water or for any other loss or damage resulted therefrom, nor for any thing or act done by either of the parties to this contract.

10. All water purchased by, and delivered to the District, under the terms of this agreement may be used or resold by the District for whatsoever purpose it deems fit or proper in serving its customers, but the District shall not resell for use any such water to any person, firm or corporation who would otherwise be a customer of the Commission without the consent in writing of the Commission. The District may sell water to the Mt. Morris Water Authority at its cost plus the incremental expenses of pumping, storing and transporting the same.

11. The rules and regulations of the Public Service Commission for the governing of water properties now or as hereafter promulgated by the Public Service Commission of West Virginia shall be binding upon the parties hereto as if the same were set out in this contract agreement in haec verba.

12. At any time during the term of this agreement the Commission may require the District to deposit with it a minimum cash deposit to secure the payment of the service provided for herein in an amount not to exceed 2/12 of the estimated annual water bill of the District. As a part of the consideration for this agreement, the Commission shall not be required to pay to the District any interest upon the amount of the deposit so made and the District expressly covenants and agrees to waive the payment of any such interest. The District agrees to deposit with the Commission the sum of \$500.00 representing two months average water bill. Said deposit to be made at the time the loan is closed, providing the District with the funds necessary for the construction of the water distribution system.

13. This agreement shall be submitted to the Public Service Commission of West Virginia in order to secure the consent and approval of the Public Service Commission of West Virginia. In the event a formal hearing is ordered by the Public Service Commission, all of the expenses of any such proceeding before the Public Service Commission, including necessary engineering costs, traveling expenses and attorney's fees, shall be paid by the District. Without the prior written consent of the Commission, neither this agreement, nor any interest herein, nor any claim arising hereunder shall be transferred or assigned by

the District. Subject to the foregoing, this agreement shall be binding upon the Commission and the District and their respective successors or assigns.

14. It is covenanted and agreed by the District that the pump to be installed by the District will have a capacity of not more than 100 gallons per minute, and that pumping will be done during the "off" hours at a time to be designated by the City of Morgantown Water Commission.

15. It is covenanted and agreed between the parties hereto that if the District, during the term of this agreement, shall make an assignment for the benefit of creditors, or shall either voluntarily and involuntarily be adjudicated a bankrupt, or shall suffer a receivership of its property, then, in any of such events this agreement shall immediately terminate without notice and the Commission will no longer be bound by the terms thereof.

However, in the event of a default on the bond by the District, the holder of the bonds or the Department of Agriculture, under its guarantee thereof, will have all of the rights that the District has under this agreement.

IN WITNESS WHEREOF, the City of Morgantown, West Virginia acting by and through The Morgantown Water Commission, has caused the name of The Morgantown Water Commission to be affixed hereto by R. B. Creel, its Chairman, and attested by H. W. Speiden, its Secretary, and the Pleasant Valley Public Service District has caused its corporate name to be hereto

affixed by Allen Phillips, Jr., its Chairman, and attested by Robert Stuzen, its Secretary, on the day and date first above written.

THE CITY OF MORGANTOWN, WEST VIRGINIA, ACTING BY AND THROUGH THE MORGANTOWN WATER COMMISSION,

BY 
Its Chairman

ATTEST:


Its Secretary

PLEASANT VALLEY PUBLIC SERVICE DISTRICT

BY 
Its Chairman

ATTEST:


Its Secretary

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

I, Catherine C. Gibb, a Notary Public in and for the said County and State aforesaid, do certify that R. B. Creel, who signed the foregoing Water Purchase Contract for The City of Morgantown, West Virginia, acting by and through The Morgantown Water Commission, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said Commission, said writing bearing date the 3rd day of March, 1966.

Catherine C. Gibb
Notary Public in and for
Monongalia County, West Virginia

My Commission Expires:
July 28 1975

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STATE OF WEST VIRGINIA,
COUNTY OF ~~MONONGALIA~~ TO-WIT:
MARION

I, Jean C. West, a Notary Public in and for the said County and State aforesaid, do certify that Allen Phillips, Jr., who signed the foregoing Water Purchase Contract for Pleasant Valley Public Service District, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said District, said writing bearing date the 3rd day of March, 1966.

Jean C. West
Notary Public in and for
~~Monongalia~~ County, West Virginia
Marion

My Commission Expires:
October 6, 1971

THE MORGANTOWN WATER COMMISSION
MORGANTOWN, W. Va.

SCHEDULE NO. 1

Applicable in entire territory served except that supplied from lines at New Hill above Cassville.

AVAILABILITY OF SERVICE

EFFECTIVE MARCH 3, 1959

Available for general domestic, commercial and industrial service where service is furnished through meters 1-inch or larger in size.

RATE

First	2,000 gallons used per month	70.87 per thousand gallons
Next	8,000 gallons used per month	.59 per thousand gallons
Next	20,000 gallons used per month	.49 per thousand gallons
Next	30,000 gallons used per month	.40 per thousand gallons
All over	60,000 gallons used per month	.30 per thousand gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to-wit:

1-	inch meter-----	6.00 per month
1- $\frac{1}{2}$	inch meter-----	13.50 per month
2-	inch meter-----	23.95 per month
3-	inch meter-----	53.90 per month
4-	inch meter-----	95.85 per month
6-	inch meter-----	215.65 per month

DELAYED PAYMENT PENALTY

Three per cent shall be added to the total amount of the water bill if not paid within fifteen (15) days following the date rendered.



STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

1201 DUNBAR AVENUE
DUNBAR, WV 25064

Telephone (304) 558-3612
Telecopier (304) 558-0299

April 11, 1995

Mr. Burdett Allen Cogar, Chairman
Pleasant Valley Public Service District
P.O. Box 245
Maidsville WV 26541

PRELIMINARY APPLICATION - PLEASANT VALLEY PSD (WATER PROJECT)

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Preliminary Application for the above-referenced project and has determined that the project is technically and financially feasible within the guidelines of the Act.

The Council recommends that Pleasant Valley PSD seek a \$429,000 loan from the Water Development Authority to finance this project.

If you have any questions concerning this decision, please contact Daniel Yonkosky, Director of the Water Development Authority, who serves as chairman of the Council's Funding Committee.

A handwritten signature in cursive script that reads "Daniel B. Yonkosky".

for
RUSSELL L. ISAACS, CHAIRMAN
WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

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