TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

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TENNERTON PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1997 A

(WEST VIRGINIA SRF PROGRAM)

BOND RESOLUTION

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TENNERTON PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF TENNERTON PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $585,627 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A 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 TENNERTON PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants

of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of an interceptor sewer line on the east side of the Buckhannon River, with 5,088 linear feet of 8-inch PVC gravity sewer pipe, 312 linear feet of 8-inch DIP sewer pipe, 3,447 linear feet of 6-inch PVC forcemain, 492 linear feet of 4-inch PVC forcemain, 428 linear feet of 1 1/4-inch PVC forcemain, 24 manholes, 5 pressure cleanouts, 6 air release valves, 2 duplex lift stations, 1 household grinder station, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), in the total aggregate principal amount of not more than $585,627 (the "Series 1997 A Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 1997 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 1997 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1997 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1997 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1997 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 1997 A Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bonds, Series 1986 A, dated March 12, 1986, issued in the original aggregate principal amount of $341,300 (the "Series 1986 A Bonds"), and the Sewer Revenue Bonds, Series 1986 B, dated March 12, 1986, issued in the original aggregate principal amount of $169,883 (the "Series 1986 B Bonds"). The Series 1986 A Bonds and the Series 1986 B Bonds are hereinafter collectively called the "Prior Bonds".

The Series 1997 A Bonds shall be issued on a parity with the Series 1986 A Bonds and senior and prior to the Series 1986 B Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the Series 1986 A Bonds and the resolutions authorizing the Series 1986 A Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained the written consent of the Holders of the Series 1986 A Bonds to the issuance of the Series 1997 A Bonds on a parity with the Series 1986 A Bonds. The Issuer has obtained the written consent of the Holders of the Series 1986 B Bonds to the issuance of the Series 1997 A Bonds on a senior and prior basis to the Series 1986 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1997 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will

either have expired prior to the issuance of the Series 1997 A Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

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

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1997 A Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase

of the Series 1997 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

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

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

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

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

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

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

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

"Prior Bonds" means, collectively, the Series 1986 A Bonds and the Series 1986 B Bonds, described in Section 1.02G hereof.

"Prior Resolution" means, collectively, the resolutions of the Issuer adopted March 5, 1986, and March 6, 1986, authorizing the Prior 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.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

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

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

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

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

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

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

"Series 1997 A Bonds" means the not more than $585,627 in aggregate principal amount of Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

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

"Series 1997 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1997 A Bonds in the then current or any succeeding year.

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

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

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

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

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

"State" means the State of West Virginia.

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

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

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for 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 $621,227, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1997 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of the Project is estimated to be $621,227, of which approximately $585,627 will be from proceeds of the Series 1997 A Bonds and approximately $35,600 will be from funds of the Issuer.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1997 A Bonds, funding a reserve account for the Series 1997 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1997 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1997 A Bonds of the Issuer. The Series 1997 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program)," in the principal amount of not more than $585,627, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1997 A Bonds remaining after funding of the Series 1997 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1997 A Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

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

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

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Series 1997 A Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 1997 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1997 A Bonds shall cease to be such officer of the Issuer before the Series 1997 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1997 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

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

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

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

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

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

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

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

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

shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Series 1986 A Bonds and senior and prior to the lien on such Net Revenues in favor of the Holder of the Series 1986 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

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

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

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

D. An executed copy of the Loan Agreement; and

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

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

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TENNERTON PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1997 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That TENNERTON PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Upshur County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199___, as set forth on said EXHIBIT B.

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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions

prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 A, DATED MARCH 12, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $341,300 (THE "SERIES 1986 A BONDS"), AND SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 12, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $169,883 (THE "SERIES 1986 B BONDS"). THE SERIES 1986 A BONDS AND THE SERIES 1986 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1986 A Bonds and senior and prior to the pledge of Net Revenues in favor of the holders of the Series 1986 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has

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

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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, TENNERTON PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 199__.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

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

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, 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 with (or continued if previously established by the Prior Resolution) 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 Resolution);

(2) Operation and Maintenance Fund (established by the Prior Resolution);

(3) Renewal and Replacement Fund (established by the Prior Resolution); and

(4) Bond Construction Trust Fund.

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

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

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

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

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

(5) Series 1997 A Bonds Sinking Fund; and

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

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

(1) The Issuer shall first, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay the current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1986 A Bonds Sinking Fund the amount required by the Prior Resolution to pay interest on the Series 1986 A Bonds and (ii) commencing 3 months prior to the first date of payment of interest on the Series 1997 A Bonds, for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 1997 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1997 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1986 A Bonds Sinking Fund the amount required by the Prior Resolution to pay principal of the Series 1986 A Bonds and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, for deposit in the Series 1997 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

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

(5) The Issuer shall next, on the first day of each month, from the moneys remaining in the Revenue Fund (as previously set forth in the Prior Resolution and not in addition thereto), transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of 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.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund the amount required by the Prior Resolution to pay principal of the Series 1986 B Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account the amount required by the Prior Resolution.

Moneys in the Series 1997 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1997 A Bonds as the same shall become due. Moneys in the

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

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

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

As and when additional Bonds ranking on a parity with the Series 1997 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1986 A Bonds and the Series 1997 A Bonds, and thereafter, with respect to the Series 1986 B Bonds, all in accordance with the respective principal amounts then outstanding.

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

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

The Series 1997 A Bonds Sinking Fund, including the Series 1997 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1997 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1997 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also 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 SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement.

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

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

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

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

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1997 A Bonds, such moneys shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1997 A Bonds shall be used to fund the Series 1997 A Bonds Reserve Account, if not funded upon issuance of the Series 1997 A Bonds, in an amount not to exceed the Series 1997 A Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 1997 A Bonds be deposited in the Series 1997 A Bonds Reserve Account.

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 moneys therein set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project

and until so transferred or expended, are hereby pledged as additional security for the Series 1997 A Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1997 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Series 1997 A Bonds which shall be made upon request of the Issuer), shall be made only after submission to, and approval from, the Authority and the DEP of the following:

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

(2) 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.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1997 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Series 1986 A Bonds and senior and prior to the lien on such Net Revenues in favor of the Holder of the Series 1986 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered June 11, 1997, in Case No. 96-0632-PSD-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 Resolution. Additionally, so long as the Series 1997 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, 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 1997 A Bonds, immediately be remitted to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 1997 A Bonds. Any balance remaining after the payment of the Series 1997 A 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, 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 the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

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

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

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

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

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

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

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

(1) The Bonds then Outstanding;

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1997 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1997 A Bonds.

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

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

Section 7.08. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, 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 and the DEP 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 and the DEP, 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 and the DEP, or any other original purchaser of the Series 1997 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1997 A Bonds, requesting the same, an annual report containing the following:

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

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

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

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

The Issuer shall permit the Authority and the DEP, 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 and the DEP, 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 and the DEP with respect to the System pursuant to the Act.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1997 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 1997 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1997 A Bonds Reserve Account and the Reserve Accounts for obligations on a parity with or junior to the Series 1997 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1997 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 1997 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the DEP and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant in compliance with OMB Circular 128 and the Single Audit Act, the report of which audit shall be submitted to the Authority and the DEP 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 and reserve requirements.

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

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

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement as

Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

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

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

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

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

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

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP. 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division

of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

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

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

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

under the terms of the Series 1997 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1997 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1997 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

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

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

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

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

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1997 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to

be valid and binding, shall take effect immediately upon delivery of the Series 1997 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Series 1986 A Bonds and senior and prior to the statutory mortgage lien in favor of the Holder of the Series 1986 B 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. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, 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 1997 A Bonds from gross income for federal income tax purposes.

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

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

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

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

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for any exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1997 A Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all

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

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1997 A Bonds shall be on a parity with the Holder of the Series 1986 A Bonds and senior and prior to the Holder of the Series 1986 B Bond.

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

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of 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 1997 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1997 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1997 A Bonds from gross income for federal income tax purposes.

Series 1997 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1997 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1997 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1997 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1997 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1997 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1997 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1997 A Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Series 1997 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 1997 A Bonds from gross income of the holders thereof.

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

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

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

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

between this Resolution and the Prior Resolution, the Prior Resolution 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 Tennerton Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

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

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

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

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

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

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

Adopted this 10th day of September, 1997.

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of TENNERTON PUBLIC SERVICE DISTRICT on the 10th day of September, 1997.

Dated: September 18, 1997.

[SEAL]

Secretary, Public Service Board

08/13/97
893440/97001

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

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

WHEREAS, the Public Service Board (the "Governing Body") of Tennerton Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective September 10, 1997 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF TENNERTON PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $585,627 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF

SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program) (the "Bonds" or the "Series 1997 A Bonds"), of the Issuer, in an aggregate principal amount not to exceed $585,627, and has authorized the execution and delivery of a loan agreement relating to the Bonds dated August 12, 1997 (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), of the Issuer, originally

represented by a single Bond, numbered AR-1, in the principal amount of $585,627. The Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2018, and shall bear interest at the rate of 2% per annum. The principal of and interest on the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1998, and ending June 1, 2018, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, 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. The Issuer does hereby approve and shall pay the administrative fee equal to 1% of the principal amount of the Series 1997 A Bonds set forth in "Schedule Y" attached to the Loan Agreement.

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

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

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

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

Section 6. The Issuer does hereby appoint and direct Bank One, West Virginia, NA, Buckhannon, West Virginia, to serve as Depository Bank under the Resolution.

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

Section 8. Series 1997 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1997 A Bonds Reserve Account. The Issuer shall deposit $35,600 of its own funds in the Series 1997 A Bonds Reserve Account.

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

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 1997 A Bonds hereby and by the Resolution approved and provided for, to the end that the Series 1997 A Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about September 18, 1997.

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

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

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

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

Adopted this 10th day of September, 1997.

TENNERTON PUBLIC SERVICE DISTRICT

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of TENNERTON PUBLIC SERVICE DISTRICT on the 10th day of September, 1997.

Dated: September 18, 1997.

[SEAL]

Secretary, Public Service Board

08/14/97
893440/97001

SRF-LP-1
(April 1993)

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), and the local government designated below (the "Local Government").

TENNERTON PUBLIC SERVICE DISTRICT
(Local Government)

W I T N E S S E T H:

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

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards and DEP has been awarded capitalization grants to partially fund the Program;

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by

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such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

1.11 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

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

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

2.5 The Local Government shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Local Government shall permit the Authority and DEP, acting by and through their Directors or duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Local Government shall submit to the Authority and DEP such documents and information as it may reasonably require in connection with the construction, acquisition and installation of

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

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

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

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

2.9 The Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, DEP and the

Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government 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 Local Government agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 25% completion stage.

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

(a) The Local Government shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

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

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local

Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

(h) The Local Government shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project) with all requisite appeal periods having expired, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority and DEP shall have received a certificate of the accountants for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Local Government and the Local Government shall accept the Loan from the

Authority, and in furtherance thereof it is agreed that the Local Government 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 Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date set forth in Exhibit E hereto.

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

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the net revenues from the System;

(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 is funded (whether by Local Bond proceeds, monthly deposits or otherwise) the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other deposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

a lien on or payable from the revenues of the System prior to the Local Bonds and with the written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

(vii) That the Local Government will not render any free services of the System;

(viii) That any Local Bond owner may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

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

(xii) That the Local Government 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 and DEP within 30 days of adoption thereof;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC,

prospective users of the System shall be required to connect thereto;

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

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

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

(xvii) That the Commission shall serve as paying agent for all Local Bonds;

(xviii) 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 Local Government 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;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, 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; and

(xx) That the Local Government 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 Local Government, then the Local Government shall enter into a termination agreement with the water provider.

The Local Government 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

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

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government 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 Local Government hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges 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 Local Government defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default

hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Local Government

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

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

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

6.4 The Local Government hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties, obtain a waiver from the Internal Revenue

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

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

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

6.7 The Local Government 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 Schedule Y 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 Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this 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.

7.3 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.

7.4 No waiver by any 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.

7.5 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.

7.6 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Local Government specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.7 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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.

Tennerton Public Service District
[Proper Name of Local Government]

(SEAL)

By: John T. McGill Jr.
Its: Chairman

Attest:

Date: 8/13/97

Its Secretary

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Barbara S. Taylor WDB

Its: Chief, Office of Water Resources

Date: 08/19/97

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: David B. Yoakum

Its: Director

Attest:

Barbara B. Meadows

Secretary-Treasurer

Date: August 12, 1997

APPROVED AS TO FORM PRIOR TO ACKNOWLEDGEMENT THEREOF, THIS 25th day of August, 1992.

Attorney General

BY: Dawn E. Wayfield

DEPUTY ATTORNEY GENERAL

EXHIBIT A

Certificate of Performance
for
Publicly Owned Treatment Works

I. As required by the Clean Water Act under Title VI, Section 602(b)(6), and the Loan Agreement, the Local Government does hereby certify that it has :

a. Provided to the WV DEP written notification of the actual date of initiation of operation. This date of initiation was on the _____ day of _____, 19___.

b. Utilized the services of _____, our prime engineer who either:

_____ Supervised our project construction; and/or

_____ Provided architectural and engineering services during construction.

For a period of twelve (12) months following the initiation of operations, the prime engineer provided the following services:

1) Directed project operation and maintenance; and
2) Trained operating personnel and prepared the required curricula and training materials, and revised the operation and maintenance manual(s); and
3) Advised the Local Government on the status of the project meeting performance standards.

II. The Local Government, having access to and control of all the necessary data, and having monitored the construction of this project, hereby certifies that the project built under this Loan Agreement meets:

a. The specifications for which the project was planned, designed, and built.

b. The effluent limitations contained in its NPDES permit, if applicable.

_____
Local Government Name

_____ _____
Local Government Representative's Name and Title Date

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. SRF 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 Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

(TO BE PROVIDED BY DEP FOR EACH PROJECT)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No._____, of _____, Consulting Engineers, _____, _____, hereby certify 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 among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") 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 twenty 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) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this _____ day of _____, 19___.

_____

By _____

West Virginia License No. ____

[SEAL]

EXHIBIT E

[Special Conditions]

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

The annual audit to be conducted while receiving funds will be in compliance with OMB Circular 128 and the Single Audit Act.

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Sirs:

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

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Fund: $_____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

We are bond counsel to _____ (the "Local Government"), 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 Local Government and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, 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 _____ 1, _____ 1, _____ 1, and _____ 1 of each year, beginning _____ 1, 19__, at the respective rate or rates and with principal payable in installments on _____ 1 in each of the years, all as follows:

Year	Installment	Interest Rate

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

We have also examined the applicable provisions of _____ _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly enacted by the Local Government 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 Local Government and is a valid and binding special obligation of the Local Government 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 Local Government without the consent of the Authority.

3. The Local Government 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 Local Government 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 Local Government, 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.

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	$ 585,627.00
Purchase Price of Bonds	$ 585,627.00

Interest on the Bonds shall be zero percent from the date of delivery to and including May 31, 1998. Principal and interest on the Bonds is payable quarterly, commencing September 1, 1998 at a rate of 2 % per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has ~~no~~ other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds or provide list of outstanding debt. *

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

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

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

*Water Development Authority - Sewer Revenue Bonds, 1986 Series A, issued March 12, 1986, in the original principal amount of $341,300.

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

Very truly yours,

SCHEDULE Y

Tennerton PSD, West Virginia
$585,627.00 Loan, 20 Year Amortization
2% Interest, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/1998	-	-	-	-
9/01/1998	5,971.66	2.000%	2,928.14	8,899.80
12/01/1998	6,001.52	2.000%	2,898.28	8,899.80
3/01/1999	6,031.53	2.000%	2,868.27	8,899.80
6/01/1999	6,061.68	2.000%	2,838.11	8,899.79
9/01/1999	6,091.99	2.000%	2,807.80	8,899.79
12/01/1999	6,122.45	2.000%	2,777.34	8,899.79
3/01/2000	6,153.06	2.000%	2,746.73	8,899.79
6/01/2000	6,183.83	2.000%	2,715.97	8,899.80
9/01/2000	6,214.75	2.000%	2,685.05	8,899.80
12/01/2000	6,245.82	2.000%	2,653.97	8,899.79
3/01/2001	6,277.05	2.000%	2,622.74	8,899.79
6/01/2001	6,308.44	2.000%	2,591.36	8,899.80
9/01/2001	6,339.98	2.000%	2,559.82	8,899.80
12/01/2001	6,371.68	2.000%	2,528.12	8,899.80
3/01/2002	6,403.54	2.000%	2,496.26	8,899.80
6/01/2002	6,435.55	2.000%	2,464.24	8,899.79
9/01/2002	6,467.73	2.000%	2,432.06	8,899.79
12/01/2002	6,500.07	2.000%	2,399.72	8,899.79
3/01/2003	6,532.57	2.000%	2,367.22	8,899.79
6/01/2003	6,565.23	2.000%	2,334.56	8,899.79
9/01/2003	6,598.06	2.000%	2,301.73	8,899.79
12/01/2003	6,631.05	2.000%	2,268.74	8,899.79
3/01/2004	6,664.21	2.000%	2,235.59	8,899.80
6/01/2004	6,697.53	2.000%	2,202.27	8,899.80
9/01/2004	6,731.01	2.000%	2,168.78	8,899.79
12/01/2004	6,764.67	2.000%	2,135.13	8,899.80
3/01/2005	6,798.49	2.000%	2,101.30	8,899.79
6/01/2005	6,832.49	2.000%	2,067.31	8,899.80
9/01/2005	6,866.65	2.000%	2,033.15	8,899.80
12/01/2005	6,900.98	2.000%	1,998.81	8,899.79
3/01/2006	6,935.49	2.000%	1,964.31	8,899.80
6/01/2006	6,970.16	2.000%	1,929.63	8,899.79
9/01/2006	7,005.01	2.000%	1,894.78	8,899.79
12/01/2006	7,040.04	2.000%	1,859.76	8,899.80
3/01/2007	7,075.24	2.000%	1,824.56	8,899.80
6/01/2007	7,110.62	2.000%	1,789.18	8,899.80
9/01/2007	7,146.17	2.000%	1,753.63	8,899.80
12/01/2007	7,181.90	2.000%	1,717.90	8,899.80
3/01/2008	7,217.81	2.000%	1,681.99	8,899.80
6/01/2008	7,253.90	2.000%	1,645.90	8,899.80
9/01/2008	7,290.17	2.000%	1,609.63	8,899.80
12/01/2008	7,326.62	2.000%	1,573.18	8,899.80
3/01/2009	7,363.25	2.000%	1,536.54	8,899.79
6/01/2009	7,400.07	2.000%	1,499.73	8,899.80

Tennerton PSD, West Virginia
$585,627.00 Loan, 20 Year Amortization
2% Interest, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2009	7,437.07	2.000%	1,462.73	8,899.80
12/01/2009	7,474.25	2.000%	1,425.54	8,899.79
3/01/2010	7,511.63	2.000%	1,388.17	8,899.80
6/01/2010	7,549.18	2.000%	1,350.61	8,899.79
9/01/2010	7,586.93	2.000%	1,312.87	8,899.80
12/01/2010	7,624.86	2.000%	1,274.93	8,899.79
3/01/2011	7,662.99	2.000%	1,236.81	8,899.80
6/01/2011	7,701.30	2.000%	1,198.49	8,899.79
9/01/2011	7,739.81	2.000%	1,159.99	8,899.80
12/01/2011	7,778.51	2.000%	1,121.29	8,899.80
3/01/2012	7,817.40	2.000%	1,082.39	8,899.79
6/01/2012	7,856.49	2.000%	1,043.31	8,899.80
9/01/2012	7,895.77	2.000%	1,004.02	8,899.79
12/01/2012	7,935.25	2.000%	964.55	8,899.80
3/01/2013	7,974.93	2.000%	924.87	8,899.80
6/01/2013	8,014.80	2.000%	884.99	8,899.79
9/01/2013	8,054.87	2.000%	844.92	8,899.79
12/01/2013	8,095.15	2.000%	804.65	8,899.80
3/01/2014	8,135.62	2.000%	764.17	8,899.79
6/01/2014	8,176.30	2.000%	723.49	8,899.79
9/01/2014	8,217.18	2.000%	682.61	8,899.79
12/01/2014	8,258.27	2.000%	641.52	8,899.79
3/01/2015	8,299.56	2.000%	600.23	8,899.79
6/01/2015	8,341.06	2.000%	558.74	8,899.80
9/01/2015	8,382.76	2.000%	517.03	8,899.79
12/01/2015	8,424.68	2.000%	475.12	8,899.80
3/01/2016	8,466.80	2.000%	432.99	8,899.79
6/01/2016	8,509.14	2.000%	390.66	8,899.80
9/01/2016	8,551.68	2.000%	348.11	8,899.79
12/01/2016	8,594.44	2.000%	305.36	8,899.80
3/01/2017	8,637.41	2.000%	262.38	8,899.79
6/01/2017	8,680.60	2.000%	219.20	8,899.80
9/01/2017	8,724.00	2.000%	175.79	8,899.79
12/01/2017	8,767.62	2.000%	132.17	8,899.79
3/01/2018	8,811.46	2.000%	88.33	8,899.79
6/01/2018	8,855.51	2.000%	44.28	8,899.79
TOTAL	585,627.00	-	126,356.60	711,983.60 *

*Plus a one-percent annual administrative fee paid quarterly in the amount of $789.74. The total administrative fee over the life of the loan is $63,179.20.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
6-23-97
by Commission Order

Entered: June 11, 1997

CASE NO. 96-0632-PSD-CN

TENNERTON PUBLIC SERVICE DISTRICT,
a public utility.
Application for a certificate of convenience and necessity to construct an interceptor sewer line on the east side of the Buckhannon River consisting of 5,088 linear feet of 8" PVC gravity sewer pipe, 312 linear feet of 8" DIP sewer pipe, 3,447 linear feet of 6" PVC force main, 492 feet of 4" PVC force main 428 linear feet of 1-1/4" PVC force main, 24 manholes, 5 pressure cleanouts, 6 air release valves, two duplex lift stations, 1 household grinder station and all appurtenances.

RECOMMENDED DECISION

On January 30, 1997, Tennerton Public Service District (District), a public utility, filed an application for a certificate of convenience and necessity to construct an interceptor sewer line on the east side of the Buckhannon River consisting of 5,088 linear feet of 8" gravity sewer pipe, 312 linear feet of 8" DIP sewer pipe, 3,447 linear feet of 6" PVC force main, 492 feet of 4" PVC force main, 428 linear feet of 1-1/4" PVC force main, 24 manholes, 5 pressure cleanouts, 6 air release valves, two duplex lift stations, 1 household grinder station and all appurtenances. The District estimates that the construction will cost approximately $585,627, and will be financed by funds from the District in the amount of $36,000, and by a State Revolving Fund loan in the amount of $545,627, at an interest rate of 3% for a period of twenty (20) years. The District also requested approval of rates and charges.

By Order issued February 10, 1997, the District was directed to give notice of the filing by publishing a copy of the February 10, 1997 Order, once, in a newspaper duly qualified by the Secretary of State, published and of general circulation in Upshur County.

On March 3, 1997, Staff filed an Initial Joint Staff Memorandum recommending that the matter be referred to the Division of Administrative Law Judges.

By Order issued March 10, 1997, this matter was referred to the Administrative Law Judge Division for a decision to be rendered no later than August 27, 1997.

On April 4, 1997, Staff filed a Final Joint Staff Memorandum indicating that it was investigating the matter.

On April 28, 1997, the District filed an affidavit of publication indicating that the notice of filing was published in the Record Delta, Buckhannon, Upshur County, on February 24, 1997. No protests were received to the notice.

By Order issued April 30, 1997, this matter was set for hearing to be held on May 28, 1997, in the Fire Department, 2nd Floor, South Locust Street, Buckhannon, West Virginia, to commence at 1:00 p.m.

On May 16, 197, Staff filed its Further Final Joint Staff Memorandum. Staff recommended that the application be approved. However, Staff's recommended rates, of $5.49 per 1,000 gallons, with a minimum bill of $10.98 per month for metered customers and a flat rate charge of $21.96 per month for unmetered customers, are lower than those requested by the District. Staff requested that the District be required to submit any financial and/or engineering revisions to the project for the Commission's review.

Staff reported that total project costs are estimated to be approximately $622,627. Financing for the project is a West Virginia Environmental Protection Agency State Revolving Fund Loan in the amount of $586,627 for a period of 20 years at an interest rate of 3%. The District is contributing reserve funds in the amount of $36,000.

Staff believes the project's need has been adequately documented. The project is designed to decommission an old sewage treatment lagoon that is frequently out of compliance with water quality standards. The Health Department and West Virginia Division of Environmental Protection have acknowledged the need for a regional sewer system in the area. The original plans and specifications for the project were approved by the West Virginia Division of Environmental Protection by letter dated April 28, 1997. Staff did not detect any conflict with the Commission's rules and regulations. Staff believes the estimated project costs to be reasonable, but noted that the project has not been bid. Staff recommended that approval of the application be granted, subject to construction bids coming in at or below project estimates.

On May 21, 1997, the District advised that it accepted Staff's recommendations and requested that the scheduled hearing be cancelled. By Order issued May 22, 1997, the May 28, 1997 hearing was cancelled.

FINDINGS OF FACT

1. On January 30, 1997, Tennerton Public Service District, a public utility, filed an application for a certificate of convenience and necessity to construct an interceptor sewer line on the east side of the Buckhannon River consisting of 5,088 linear feet of 8" gravity sewer pipe, 312 linear

feet of 8" DIP sewer pipe, 3,447 linear feet of 6" PVC force main, 492 feet of 4" PVC force main, 428 linear feet of 1-1/4" PVC force main, 24 manholes, 5 pressure cleanouts, 6 air release valves, two duplex lift stations, 1 household grinder station and all appurtenances. (See, application).

2. The project costs are estimated to be $622,627. (See, Further Final Joint Staff Memorandum filed May 16, 1997).

3. Staff recommended that the application be approved, as filed, subject to construction bids coming in at or below the project cost estimate and the approval of rates and charges of $5.49 per 1,000 gallons, with a minimum bill of $10.98 per month for metered customers and a flat rate charge of $21.96 per month for unmetered customers. (See, Further Final Joint Staff Memorandum filed May 16, 1997).

4. Financing for the project is a West Virginia Environmental Protection Agency State Revolving Fund Loan in the amount of $586,627, for a period of 20 years at an interest rate of 3%, and District funds in the amount of $36,000. (See, Final Joint Staff Memorandum filed May 16, 1997).

5. The notice of filing was published in the Record Delta, Buckhannon, Upshur County, on February 24, 1997. (See, affidavit of publication filed on April 28, 1997).

6. No protests were received to the notice. (See, case file generally).

7. By correspondence received May 21, 1997, the District advised that it accepted Staff's recommendations and requested that the scheduled hearing be cancelled. (See, correspondence filed May 21, 1997).

CONCLUSIONS OF LAW

1. The public convenience and necessity required the issuance of a certificate of convenience and necessity.

2. It is reasonable to approve the financing of the project, being a West Virginia Environmental Protection Agency State Revolving Fund Loan in the amount of $586,627, for a period of 20 years at an interest rate of 3%, and District funds in the amount of $36,000.

3. Staff's recommended rates and charges are sufficient, but not more than sufficient, to support the project.

4. It is reasonable to approve Staff's recommended rates and charges for this project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed by Tennerton Public Service District, a public utility, for a certificate of convenience and necessity to construct an interceptor sewer line on the east side of the

Buckhannon River consisting of 5,088 linear feet of 8" gravity sewer pipe, 312 linear feet of 8" DIP sewer pipe, 3,447 linear feet of 6" PVC force main, 492 feet of 4" PVC force main, 428 linear feet of 1-1/4" PVC force main, 24 manholes, 5 pressure cleanouts, 6 air release valves, two duplex lift stations, 1 household grinder station and all appurtenances, be, and hereby is, granted.

IT IS FURTHER ORDERED that the Staff-recommended rates and changes be, and hereby are, approved, for all service rendered by Tennerton Public Service District on and after the date that the project approved herein becomes operational, as follows:

SCHEDULE NO. 1

APPLICABILITY

Applicable inside and outside of the boundaries of the Applicant District.

AVAILABILITY

Available for metered domestic, commercial and industrial sewer service, except unusual industrial waste.

RATE

Each 1,000 gallons used per month $5.49 per 1,000 gallons

MINIMUM BILL

$10.98 per month

SCHEDULE NO. 2

APPLICABILITY

Applicable inside and outside the boundaries of the District.

AVAILABILITY OF SERVICES

Available for sanitary sewer service to unmetered water users and users who obtain water from wells.

Flat Rate (4,000 gallons) $21.96 per month

DELAYED PAYMENT PENALTY

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

IT IS FURTHER ORDERED that the financing for the proposed project, being a West Virginia Environmental Protection Agency State Revolving Fund Loan in the amount of $587,627 at an interest rate of 3% for a period of 20 years and District reserve funds in the amount of $36,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if there is a change in any of the terms, conditions, financing or scope of the proposed improvement project, the

Tennerton Public Service District shall notify the Public Service Commission and file for Commission approval of the revised project or financing.

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

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

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

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

Susan A. Murensky

Susan A. Murensky
Administrative Law Judge

SAM:pst

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064
Telephone (304) 558-3812
Telecopier (304) 558-0299

June 6, 1996

Mr. William B. Keaton
Kelley, Gidley, Blair & Wolfe
1325 Virginia Street East
Charleston WV 25301

PRELIMINARY APPLICATION -
TENNERTON PSD SEWER 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. (See attached Sewer Assessment Committee comments.)

The Council recommends that, as proposed in the preliminary application, the Tennerton PSD use $59,600 in customer fees and provide $36,000 toward financing this $378,716 project and pursue a $283,116 State Revolving Fund Loan through the Division of Environmental Protection to complete the financing. (This letter does not constitute funding approval by the Division of Environmental Protection.)

If you have any questions, please contact Daniel Yonkosky, Director of the Water Development Authority, who serves as chairman of the Council's Funding Committee.

Daniel B. Yonkosky
for RUSSELL L. ISAACS, CHAIRMAN
WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

c Mike Johnson, Division of Environmental Protection

enclosed

TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

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

1. On the 18th day of September, 1997, the Authority received the Tennerton Public Service District Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), issued in the principal amount of $585,627, as a single, fully registered Bond, numbered AR-1 and dated September 18, 1997 (the "Bonds").

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of $51,603, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority and the West Virginia Division of Environmental Protection as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 18th day of September, 1997.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

TENNERTON PUBLIC SERVICE DISTRICT

Chairman

09/03/97
893440/97001

364502.2

6

TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Tennerton Public Service District Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), in the principal amount of $585,627, dated September 18, 1997 (the "Bonds"), executed by the Chairman and Secretary of Tennerton Public Service District (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution, both duly adopted by the Issuer on September 10, 1997 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement dated August 12, 1997, by and among the West Virginia Division of Environmental Protection (the "DEP"), the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, 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 $51,603, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause

the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 18th day of September, 1997.

TENNERTON PUBLIC SERVICE DISTRICT

Chairman

09/03/97
893440/97001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TENNERTON PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1997 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $585,627

KNOW ALL MEN BY THESE PRESENTS: That TENNERTON PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Upshur 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 FIVE HUNDRED EIGHTY-FIVE THOUSAND SIX HUNDRED TWENTY-SEVEN DOLLARS ($585,627), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1998, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1998 as set forth on said EXHIBIT B.

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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated August 12, 1997.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on September 10, 1997, and a Supplemental Resolution duly adopted by the Issuer on September 10, 1997 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 A, DATED MARCH 12, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $341,300 (THE "SERIES 1986 A BONDS"), AND SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B, DATED MARCH 12, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $169,883 (THE "SERIES 1986 B BONDS"). THE SERIES 1986 A BONDS AND THE SERIES 1986 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1986 A Bonds and senior and prior to the pledge of Net Revenues in favor of the holders of the Series 1986 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and

all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1997 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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, TENNERTON PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated September 18, 1997.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: September 18, 1997.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

_____

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$51,603	9-18-97	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Tennerton PSD, West Virginia
$585,627.00 Loan. 20 Year Amortization
2% Interest. 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/1998	-	-	-	-
9/01/1998	5,971.66	2.000%	2,928.14	8,899.80
12/01/1998	6,001.52	2.000%	2,898.28	8,899.80
3/01/1999	6,031.53	2.000%	2,868.27	8,899.80
6/01/1999	6,061.68	2.000%	2,838.11	8,899.79
9/01/1999	6,091.99	2.000%	2,807.80	8,899.79
12/01/1999	6,122.45	2.000%	2,777.34	8,899.79
3/01/2000	6,153.06	2.000%	2,746.73	8,899.79
6/01/2000	6,183.83	2.000%	2,715.97	8,899.80
9/01/2000	6,214.75	2.000%	2,685.05	8,899.80
12/01/2000	6,245.82	2.000%	2,653.97	8,899.79
3/01/2001	6,277.05	2.000%	2,622.74	8,899.79
6/01/2001	6,308.44	2.000%	2,591.36	8,899.80
9/01/2001	6,339.98	2.000%	2,559.82	8,899.80
12/01/2001	6,371.68	2.000%	2,528.12	8,899.80
3/01/2002	6,403.54	2.000%	2,496.26	8,899.80
6/01/2002	6,435.55	2.000%	2,464.24	8,899.79
9/01/2002	6,467.73	2.000%	2,432.06	8,899.79
12/01/2002	6,500.07	2.000%	2,399.72	8,899.79
3/01/2003	6,532.57	2.000%	2,367.22	8,899.79
6/01/2003	6,565.23	2.000%	2,334.56	8,899.79
9/01/2003	6,598.06	2.000%	2,301.73	8,899.79
12/01/2003	6,631.05	2.000%	2,268.74	8,899.79
3/01/2004	6,664.21	2.000%	2,235.59	8,899.80
6/01/2004	6,697.53	2.000%	2,202.27	8,899.80
9/01/2004	6,731.01	2.000%	2,168.78	8,899.79
12/01/2004	6,764.67	2.000%	2,135.13	8,899.80
3/01/2005	6,798.49	2.000%	2,101.30	8,899.79
6/01/2005	6,832.49	2.000%	2,067.31	8,899.80
9/01/2005	6,866.65	2.000%	2,033.15	8,899.80
12/01/2005	6,900.98	2.000%	1,998.81	8,899.79
3/01/2006	6,935.49	2.000%	1,964.31	8,899.80
6/01/2006	6,970.16	2.000%	1,929.63	8,899.79
9/01/2006	7,005.01	2.000%	1,894.78	8,899.79
12/01/2006	7,040.04	2.000%	1,859.76	8,899.80
3/01/2007	7,075.24	2.000%	1,824.56	8,899.80
6/01/2007	7,110.62	2.000%	1,789.18	8,899.80
9/01/2007	7,146.17	2.000%	1,753.63	8,899.80
12/01/2007	7,181.90	2.000%	1,717.90	8,899.80
3/01/2008	7,217.81	2.000%	1,681.99	8,899.80
6/01/2008	7,253.90	2.000%	1,645.90	8,899.80
9/01/2008	7,290.17	2.000%	1,609.63	8,899.80
12/01/2008	7,326.62	2.000%	1,573.18	8,899.80
3/01/2009	7,363.25	2.000%	1,536.54	8,899.79
6/01/2009	7,400.07	2.000%	1,499.73	8,899.80

Tennerton PSD, West Virginia
$585,627.00 Loan, 20 Year Amortization
2% Interest, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2009	7,437.07	2.000%	1,462.73	8,899.80
12/01/2009	7,474.25	2.000%	1,425.54	8,899.79
3/01/2010	7,511.63	2.000%	1,388.17	8,899.80
6/01/2010	7,549.18	2.000%	1,350.61	8,899.79
9/01/2010	7,586.93	2.000%	1,312.87	8,899.80
12/01/2010	7,624.86	2.000%	1,274.93	8,899.79
3/01/2011	7,662.99	2.000%	1,236.81	8,899.80
6/01/2011	7,701.30	2.000%	1,198.49	8,899.79
9/01/2011	7,739.81	2.000%	1,159.99	8,899.80
12/01/2011	7,778.51	2.000%	1,121.29	8,899.80
3/01/2012	7,817.40	2.000%	1,082.39	8,899.79
6/01/2012	7,856.49	2.000%	1,043.31	8,899.80
9/01/2012	7,895.77	2.000%	1,004.02	8,899.79
12/01/2012	7,935.25	2.000%	964.55	8,899.80
3/01/2013	7,974.93	2.000%	924.87	8,899.80
6/01/2013	8,014.80	2.000%	884.99	8,899.79
9/01/2013	8,054.87	2.000%	844.92	8,899.79
12/01/2013	8,095.15	2.000%	804.65	8,899.80
3/01/2014	8,135.62	2.000%	764.17	8,899.79
6/01/2014	8,176.30	2.000%	723.49	8,899.79
9/01/2014	8,217.18	2.000%	682.61	8,899.79
12/01/2014	8,258.27	2.000%	641.52	8,899.79
3/01/2015	8,299.56	2.000%	600.23	8,899.79
6/01/2015	8,341.06	2.000%	558.74	8,899.80
9/01/2015	8,382.76	2.000%	517.03	8,899.79
12/01/2015	8,424.68	2.000%	475.12	8,899.80
3/01/2016	8,466.80	2.000%	432.99	8,899.79
6/01/2016	8,509.14	2.000%	390.66	8,899.80
9/01/2016	8,551.68	2.000%	348.11	8,899.79
12/01/2016	8,594.44	2.000%	305.36	8,899.80
3/01/2017	8,637.41	2.000%	262.38	8,899.79
6/01/2017	8,680.60	2.000%	219.20	8,899.80
9/01/2017	8,724.00	2.000%	175.79	8,899.79
12/01/2017	8,767.62	2.000%	132.17	8,899.79
3/01/2018	8,811.46	2.000%	88.33	8,899.79
6/01/2018	8,855.51	2.000%	44.28	8,899.79
TOTAL	585,627.00	-	126,356.60	711,983.60 *

*Plus a one-percent annual administrative fee paid quarterly in the amount of $789.74. The total administrative fee over the life of the loan is $63,179.20.

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

STEPTOE & JOHNSON
ATTORNEYS AT LAW
BANK ONE CENTER
SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

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

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 263-4785

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

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

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

WRITER'S DIRECT DIAL NUMBER

September 18, 1997

Tennerton Public Service District
Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

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

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

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Tennerton 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 $585,627 Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 12, 1997, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Division of Environmental Protection (the "DEP") 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, bearing interest at the rate of 2% per annum, and with principal and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1998, and ending June 1, 2018, all as set forth in "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 10, 1997, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 10, 1997 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1986 A, dated March 12, 1986 (the "Series 1986 A Bonds"), and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Sewer Revenue Bonds, Series 1986 B, dated March 12, 1986 (the "Series 1986 B Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation. Based upon the certificate of the certified public accountant dated the date hereof, the Issuer has met the coverage requirements for issuance of parity bonds of the

Series 1986 A Bonds and the resolutions authorizing the Series 1986 A Bonds. The Issuer has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature.

5. 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 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 therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON

09/04/97
893440/97001

WILLIAM C. THURMAN
Attorney at Law
Route 3, Box 245
Buckhannon, West Virginia 26201
(304) 472-7028

September 18, 1997

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

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

Steptoe & Johnson
P.O. Box 2190
Clarksburg, West Virginia 26301

RE: Tennerton Public Service District
Sewer Revenue Bonds, Series 1997 A
West Virginia SRF Program

Ladies and Gentlemen:

I am counsel to Tennerton Public Service District, a public service district in Upshur County, West Virginia (the "Issuer"). As such counsel, I have examined a copy of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated August 12, 1997, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the West Virginia Division of Environmental Protection (the "DEP"), the West Virginia Water Development Authority (the "Authority") and the Issuer, the Bond Resolution duly adopted by the Issuer on September 10, 1997, the Supplemental Resolution duly adopted by the Issuer on September 10, 1997 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Upshur County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

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

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

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

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

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

6. The Issuer has received, or there have been entered, all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Upshur County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges, the Issuer has received the Final Order of the Public Service Commission of West Virginia entered on June 11, 1997, in Case No. 96-0632-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving rates and charges for the services of the System and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

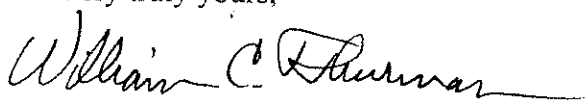
7. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

8. To the best of my knowledge, there is no action, suite, 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,



William C. Thurman

WCT/mdw

WILLIAM C. THURMAN
Attorney at Law
Rt.3, Box 245
Buckhannon, WV 26201-9435
(304) 472- 7028

June 24, 1997

CERTIFICATE OF PROJECT SITE ACQUISITIONS

I, William C. Thurman, Attorney at Law, representing Tennerton Public Service District as title counsel, do hereby certify:

1. That I have investigated and ascertained the location of, and am familiar with the legal description of the necessary sites, easements and rights of way being provided by the Tennerton Public Service District for all of the water pollution control facilities identified under Project No. 96-0632-PSD-CN; C - 544170.

2. That I have examined the deed records of Upshur County, West Virginia in which said county such project is to be located and, in my opinion, the Tennerton Public Service District has a legal and valid fee simple title or such other estate or interest in the necessary site components for the project, including deeds, easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation, and maintenance for the estimated life of the facilities.

3. That all deeds, easements and/or rights of way for said project are duly recorded in the Office of the Clerk of the County Commission of Upshur County, West Virginia.

William C. Thurman

William C. Thurman, Counsel
Tennerton Public Service District

TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

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. PSC ORDER
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
15. PRIVATE USE OF FACILITIES
16. NO FEDERAL GUARANTY
17. SPECIMEN BONDS
18. CONFLICT OF INTEREST
19. CLEAN WATER ACT

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Tennerton Public Service District in Upshur County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the $585,627 Tennerton Public Service District Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 1997 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted September 10, 1997, and a Supplemental Resolution of the Issuer duly adopted September 10, 1997 (collectively, the "Bond Legislation"), when used herein.

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

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

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the 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 among the Issuer, the Authority and the DEP. The Issuer will provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 1997 A Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bonds, Series 1986 A, dated March 12, 1986, issued in the original aggregate principal amount of $341,300 (the "Series 1986 A Bonds"), and the Sewer Revenue Bonds, Series 1986 B, dated March 12, 1986, issued in the original aggregate principal amount of $169,883 (the "Series 1986 B Bonds"). The Series 1986 A Bonds and the Series 1986 B Bonds are hereinafter collectively called the "Prior Bonds".

The Series 1997 A Bonds shall be issued on a parity with the Series 1986 A Bonds and senior and prior to the Series 1986 B Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the Series 1986 A Bonds and the resolutions authorizing the Series 1986 A Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained the written consent of the Holders of the Series 1986 A Bonds to the issuance of the Series 1997 A Bonds on a parity with the Series 1986 A Bonds. The Issuer has obtained the written consent of the Holders

of the Series 1986 B Bonds to the issuance of the Series 1997 A Bonds on a senior and prior basis to the Series 1986 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Resolution

Supplemental Resolution

Loan Agreement

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

Certified Copies of County Commission Orders on Creation and Reduction of District

Certified Copies of County Commission Orders Appointing Current Boardmembers

Certified Copies of Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

1986 Bond Resolution and Supplemental Resolution

Consent of 1986 Bondholder

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

Name	Date of Commencement of Office	Date of Termination of Office
Robert Tomblyn	July 31, 1993	July 31, 1999
John V. McGrew, Jr.	July 31, 1995	July 31, 2001
John Jenkins	July 31, 1997	July 31, 2003

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

Chairman	-	John V. McGrew, Jr.
Secretary	-	John Jenkins
Treasurer	-	Terry N. Gould

The duly appointed and acting counsel to Issuer is William C. Thurman, Esquire, of Buckhannon, 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, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

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

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

11. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on June 11, 1997, in Case No. 96-0632-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the rates and charges for the services of the System and approving the financing for the Project, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

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

13. BOND PROCEEDS: On the date hereof, the Issuer received $51,603 from the DEP and the Authority, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds. The balance of the principal

amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. 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.

15. 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").

16. 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.

17. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bond.

18. 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.

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

WITNESS our signatures and the official seal of TENNERTON PUBLIC SERVICE DISTRICT on this 18th day of September, 1997.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
John V. McGraw Jr.	Chairman
[illegible]	Secretary
William C. Thurman	Counsel to Issuer

09/03/97
893440/97001

TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

CERTIFICATE AS TO ARBITRAGE

The undersigned Chairman of the Public Service Board of Tennerton Public Service District in Upshur County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $585,627 Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), of the Issuer, dated September 18, 1997 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on September 10, 1997 (the "Bond Resolution").

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on September 18, 1997, the date on which the Bonds are to be physically delivered in exchange for an initial advance of $51,603, being more than a de minimis amount of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on September 18, 1997, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated August 12, 1997, by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, for an aggregate purchase price of $585,627 (100% of par). No accrued interest has been or will be paid on the Bonds.

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

8. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of $100,000 on the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before June, 1998, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by June, 1998.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $621,227. Sources and uses of funds for the Project are as follows:

SOURCES	
Gross Proceeds of the Bonds	$585,627
Issuer's Funds	35,600
Total Sources	$621,227

USES	
Acquisition and Construction of Project	$577,127
Capitalized Interest on the Bonds	-0-
Funded Reserve for the Bonds	35,600
Costs of Issuance	8,500
Total Uses	$621,227

The amount of the costs of the Project not expected to be paid from the Issuer's funds stated above is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds and the Issuer's funds 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) Renewal and Replacement Fund;

(4) Bond Construction Trust Fund;

(5) Series 1986 A Bonds Sinking Fund;

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

(7) Series 1986 B Bonds Sinking Fund;

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

(9) Series 1997 A Bonds Sinking Fund; and

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

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

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

(2) Bond proceeds in the amount of $-0- will be deposited in the Series 1997 A Bonds Reserve Account. The Issuer will deposit $35,600 of its own funds in the Series 1997 A Bonds Reserve Account.

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

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

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

12. Moneys held in the Series 1997 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds, and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the

Project, deposited into the Bond Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

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

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

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

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

17. With the exception of the amount deposited in the Series 1997 A Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the

Series 1997 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 9 months from the date of issuance thereof.

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

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

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

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

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

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

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

the interest, if any, on the Bonds is excluded from gross income for federal income tax purposes.

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

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

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

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

29. The Issuer has either (a) funded the Series 1997 A Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 1997 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1997 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1997 A Bonds Reserve Account and the Series 1997 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

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

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

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

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

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

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

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

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

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

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

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

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

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

WITNESS my signature on this 18th day of September, 1997.

TENNERTON PUBLIC SERVICE DISTRICT

John V. McGraw Jr.

Chairman

09/04/97
893440/97001

TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, H. Wood Thrasher, Registered Professional Engineer, West Virginia License No. 9478, of Thrasher Engineering, Inc., 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 sewerage facilities (the "Project") of Tennerton Public Service District (the "Issuer") to be constructed primarily in Upshur County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution and the Supplemental Resolution, both adopted by the Issuer on September 10, 1997, and the Loan Agreement, dated August 12, 1997, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP").

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) funding a reserve account for the Bonds, and (iii) paying costs of issuance and related costs.

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

sufficient to pay the costs of acquisition and construction of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on this 18th day of September, 1997.

[SEAL]

THRASHER ENGINEERING, INC.

H. Wood Thrasher, P.E.
West Virginia License No. 9478

09/04/97
893440/97001

SCHEDULE A

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

A. Cost of Project

1. Construction	$ 437,692.00	
2. Technical Services	$ 92,992.00	
3. Legal and Fiscal	$ 12,700.00	
4. Administrative	$ 3,500.00	
* 5. Site and Other Lands	$ 6,600.00	
** 6. Fac Plan or Design or Other loan Repayment (Specify Type _____)	$	
7. Interim Financing Costs	$	
8. Contingency	$ 23,643.00	
9. Total of Lines 1 Through 8		$ 577,127.00

B. Sources of Funds

Federal Grants:[1]		$	
(Specify Sources)		$	
State Grants:[1]		$	
(Specify Sources)		$	
Other Grants:[1]		$	
(Specify Sources)		$	
Any Other Source[2]		$ 35,600.00	
(Specify)	Issuer Funds	$	
Total of Lines 10 Through 13			$ 35,600.00
Net Proceeds Required from Bond Issue (Line 9 less Line 14)			$541,527.00

C. Cost of Financing

Capitalized Interest (Construction period plus six months)	$	
Funded Reserve Account[3]	$ 35,600.00	
Other Costs:[4]	$ 8,500.00	
	$	
Total Cost of Financing (lines 16 through 18)	44,100.00	$
Size of Bond Issue (Line 15 plus Line 19)		$ 585,627.00

not allowable for State Revolving Fund Assistance
WDA loans not allowable

NATURE OF APPLICANT
DATE: July 29, 1997

SIGNATURE OF CONSULTING ENGINEER
DATE: July 29, 1997

HARRIS & COMPANY

Certified Public Accountants

Buckhannon Office
P.O. Box 732
Buckhannon, WV 26201
(304) 472-1928

Weston Office
235 North River Avenue
Weston, WV 26452
(304) 269-2269

September 18, 1997

Tennerton Public Service District
Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

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

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

Ladies and Gentleman:

Based upon the rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia, Case No. 96-0632-PSD-CN, entered June 11, 1997, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Thrasher Engineering, Inc., Consulting Engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of Tennerton Public Service District (the "Issuer"), will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program) (the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof and all other obligations secured by or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's Sewer Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the "Prior Bonds"). It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds shall not be less 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 Prior Bonds and the Bonds.

Very truly yours,

Randy L. Harris, CPA.

327	Bernard Layman	Apprs fees	2.00
328	Kenneth Lantz	do	2.00
329	James Lee	Appr fee	1.00
	y Lee	do	1.00
	. McKisic	do	1.00
	Perrine	Sheep killed	55.00
	e Rice	Apprs fees	2.00
	ard Riffle	Appr fee	1.00
	s G. Rexroad	Notary fee	2.50
	n Snyder	Appr fee	1.00
	Seidel	Sheep killed	60.00
	Shobe	Appr fee	1.00
339	Lecil Tarples	do	1.00
340	Bertha Waugh	Notary fees	17.50
341	F. O. Withers	Notary fee	2.50

A Resolution and Order fixing a date of hearing on the creation of a proposed public service district within Upshur County, West Virginia; and providing for the publication of a notice of such hearing.

###

WHEREAS, there has heretofore been filed in the office of the Clerk of the County Court of Upshur County, West Virginia, a petition to this County Court, for the creation of a public service district within Upshur County, West Virginia; and,

WHEREAS, said County Court Clerk has presented such petition to this County Court at this meeting; and,

WHEREAS, Pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code this County Court upon presentation of such petition is required to fix a date of hearing on the creation of the proposed public service district:

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Upshur County, West Virginia, as follows:

Section 1. That the County Court of Upshur County, West Virginia, hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said County Court Clerk to this County Court a petition for the creation of a public service district within Upshur County, West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and the name of the proposed public service district and which petition has been signed by at least one hundred legal voters resident within and owning real property within the limits of the proposed public service district, and said County Court further finds and declares that said petition in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code.

Section 2. That said petition, among other things, states as follows:

(a) The name and corporate title of said public service district shall be the "Tennerton Public Service District".

(b) The territory to be embraced in said public service district shall be as follows:

"Beginning at a point in the center of the Buckhannon River and confluence of Cutwright Run; thence N. 20° 00' W. 1.04 miles to a point having a latitude of N. 38° 57' 32" and longitude W. 80° 15' 33"; thence N. 0.80 miles to a point having a latitude of N. 38° 58' 13" and longitude W. 80° 15' 33"; thence N. 67° 00' E. 1.34 miles to a point having a latitude of N. 38° 58' 40" and longitude W. 80° 14' 09"; thence S. 68° 00' E. 1.30 miles; thence S. 15° 00' E. 1.85 miles to a point having a latitude of N. 38° 56' 42" and longitude W. 80° 12' 17"; thence S. 30° 00' W. 0.67 miles to a point having a latitude of N. 38° 56' 12" and longitude W. 80° 12' 39"; thence W. 0.63 miles to beginning, containing 5.75 square miles, all of which is located in Buckhannon and Washington Magisterial Districts, Upshur County, West Virginia, and being 0.2 mile south of the corporate limits of the City of Buckhannon and generally along West Virginia State Route 4 and Secondary Route 9 and each side of the Buckhannon River, as shown upon map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated August 26, 1970.

(c) The purpose of said public service district shall be to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying water and sewerage services within such territory and also outside such territory to the extent permitted by law.

(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13A of Chapter 16 of the West Virginia Code, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

Section 3. That on the 2nd day of August, 1971, at the hour of 7:30 o'clock p.m., this County Court shall meet in the ~~High School Cafeteria in Tallmansville~~, West Virginia, for the purpose of conducting a public hearing on the creation of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall consider and determine the feasibility of the creation of the proposed public service district.

Section 4. That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on the 15th day of July, 1971, in the Republican-Delta, a newspaper of general circulation published in Upshur County:

APPROVED
JUL 12 1971
Howard C Gould

Ordered that this Court do adjourn until 2:00 P.M., July 19th, 1971, for a Special Session.

President

Buckhannon, West Virginia
July 12, 1971

The County Court of Upshur County, West Virginia, met this day in special session held this 12th day of July 1971 at 2:00 p.m., pursuant to the call of Howard Gould, President, Raymond Phillips, Commissioner, and Wilson Harper, Commissioner, said call being;

"To consider a petition of residents and property owners of Tennerton, Buckhannon and Washington Magisterial Districts, Upshur County, West Virginia, asking for the creation of a public service district in the area therein described, and to adopt a proposed resolution and enter a proper order fixing a date of hearing on the creation of a public service district in Tennerton, Buckhannon and Washington Magisterial Districts, Upshur County, West Virginia, as set forth in said petition and to provide for the publication of a notice of such hearing."

The meeting was called to order and the roll being called there were present, Howard Gould, President, presiding, and the following named commissioners:

Raymond Phillips

Wilson Harper

And were absent:

None

Raymond Phillips introduced and caused to be read a proposed resolution and order entitled:

"A resolution and order fixing a date of hearing on the creation of a public service district within Upshur County, West Virginia; and providing for the publication of a notice of such hearing",

and moved that all rules otherwise requiring deferred consideration be suspended and said proposed resolution and order be adopted. Wilson Harper seconded the motion and after due consideration the President put the question on the motion, and the roll being called the following voted:

Aye:

Howard Gould

Raymond Phillips

Wilson Harper

Nay:

None

Whereupon the president declared the motion duly carried and said resolution and order duly adopted on motion and vote, the meeting was thereupon adjourned.

Virginia K. Murray
Clerk

Howard E. Gould
President

Ordered that this Court do adjourn until Monday, July 19th, 1971.

President

STATE OF WEST VIRGINIA,
Upshur County, ss:

I, DEBBIE THACKER WILFONG, Clerk of the County Commission of Upshur County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in LAW ORDER Book No. 7 at page No. 130.

Given under my hand and the seal of said Commission this 1ST day of MAY, 19 97.

DEBBIE THACKER WILFONG
Clerk, County Commission

BY: Rose M Clutter DEPUTY

		JUSTICE FINE FUND	
285	Valley Supply Co	Steel - Jail	122.54
286	Beulah B Shomo	J P fees	318.00
287	D F Shomo	do	205.50
		DOG TAX FUND	
353	James C Bennett	Dogs destroyed in July - Dog Warden & Depy Assessor	14.00
354	James C Bennett	July mileage - Dog Warden & Depy Assessor	62.20

This day, in open Court, appeared William A. Young, and moved the appointment of a Committee for Edna Louis Loudin, an incompetent person. Notice, as required by law, having bee s Loudin, the Court immediately proceeded to inquire into the

hat the said Edna Louis Loudin, is not competent to transact it is to her interest that a Committee be appointed; ther y appointed as Committee for Edna Louis Loudin, incompetent fied as such Committee, with Ohio Farmers Insurance Company, by P t, as his surety.

mittee, William W. Wimer, Calvin Shreve and Robert R. Post id estate.

It is ordered that the estate of Edna Louis Loudin, incompetent, be referred to James H. Coleman, Jr., Commissioner of Accounts for Upshur County, for such action as may be necessary in the settlement thereof.

This day the Upshur County Court inspected the Upshur County Jail, and found it very untidy, very dirty, and littered. Found 5-gallon cans strewn around the jail, a wrecking-bar in occupied quarters, electric motor with home-made blade, which the Court considers very dangerous, in occupied quarters.

✓ IN RE: Tennerton Public Service District.

It appearing that the Upshur County Court held a Public Meeting on August 2nd, 1971, at 7:30 PM in the Buckhannon-Upshur High School Cafeteria, in accordance with Chapter 16, Article 13 A of the Code of West Virginia, for the purpose of establishing a Tennerton Public Service District. Thirty members of the proposed district appeared and no complaints were filed.

Upon the application of Roy T. Cosgrove for appointment as Notary Public in and for the County of Upshur, it was shown to the satisfaction of this Court that said applicant is a resident of the County from which he seeks appointment, that he is competent to perform the duties of such office and that he is a person of good moral character. It is therefore ordered that the said application of Roy T. Cosgorve be certified to the Secretary of State for appointment as Notary Public, as aforesaid.

Ordered that this Court do adjourn until Monday, August 16th, 1971.

President

STATE OF WEST VIRGINIA,
Upshur County, ss:

I, DEBBIE THACKER WILFONG, Clerk of the County Commission of Upshur County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in LAW ORDER Book No. 7 at page No. 152.

Given under my hand and the seal of said Commission this 1ST day of MAY, 19 97.

DEBBIE THACKER WILFONG
Clerk, County Commission

BY: [signature] DEPUTY

Buckhannon, West Virginia
August 2, 1971

The County Court of Upshur County, West Virginia, met in regular session pursuant to law and to the rules of said Court at the High School Cafeteria in Tennerton, West Virginia, at 7:30 o'clock p.m. The meeting was called to order and the roll being called there were present Howard Gould, President, presiding, and the following named Commissioners:

Raymond Phillips

Wilson Harper

Absent:

None

###

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Tennerton Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on July 12, 1971, the President announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon Raymond Phillips introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER creating Tennerton Public Service District in Upshur County, West Virginia,"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Wilson Harper seconded the motion and after due consideration the President put the question on the

motion and the roll being called, the following voted:

Aye:

Howard Gould

Raymond Phillips

Wilson Harper

Nay:

None

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

Raymond Phillips introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing members to the public service board of the Tennerton Public Service District."

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Wilson Harper seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye:

Howard Gould

Raymond Phillips

Wilson Harper

Nay:

None

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

###

On motion and vote the meeting adjourned.

Howard C. Gould
President

ATTEST:

Virginia A. Murray
Clerk

A RESOLUTION AND ORDER creating
Tennerton Public Service District
in Upshur County, West Virginia

###

WHEREAS, the County Court of Upshur County, West Virginia, did heretofore by a resolution and order adopted August 2nd, _____, 1971, fix a date for a public hearing on the creation of the proposed Tennerton Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and,

WHEREAS, NOTICE of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district:

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Upshur County, West Virginia, as follows:

Section 1. That a public service district within Upshur County, West Virginia, is hereby created, and said district shall have the following described boundaries.

"Beginning at a point in the center of the Buckhannon River and confluence of Cutwright Run; thence N. 20° 00' W. 1.04 miles to a point having a latitude of N. 38° 57' 32" and longitude W. 80° 15' 33"; thence N. 0.80 miles to a point having a latitude of N. 38° 58' 13" and longitude W. 80° 15' 33"; thence N. 67° 00' E. 1.34 miles to a point having a latitude of N. 38° 58' 40" and longitude W. 80° 14' 09"; thence S. 68° 00' E. 1.30 miles; thence S. 15° 00' E. 1.85 miles to a point having a latitude of N. 38° 56' 42" and longitude W. 80° 12' 17"; thence S. 30° 00' W. 0.67 miles to a point having a latitude of N. 38° 56' 12" and longitude W. 80° 12' 39"; thence W. 0.63 miles to beginning, containing 5.75 square miles, all of which is located in Buckhannon and Washington Magisterial Districts, Upshur County, West Virginia, and being 0.2 miles south of the corporate limits of the City of Buckhannon and generally along West Virginia State Route 4 and Secondary Route 9 and each side of the Buckhannon River, as shown upon map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated August 26, 1970.

Section 2. That said public service district so created shall have the name and corporate title of "Tennerton Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Court of Upshur County, West Virginia, has determined that the territory within Upshur County, West Virginia, having the hereintoabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water and sewerage services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT Aug 23, 1971

Howard C. Gould
President

ATTEST:

Virginia K. Murray
Clerk

A RESOLUTION AND ORDER appointing members to the public service board of the Tennerton Public Service District.

###

WHEREAS, the County Court of Upshur County, West Virginia, did heretofore by resolution and order adopted August 23,1971, 1971 create the Tennerton Public Service District; and,

WHEREAS, under the provisions of Article 13A of Chapter 16 of the West Virginia Code the powers of said public service district shall be vested in and exercised by a public service board; and,

WHEREAS, since there is not city, incorporated town or other municipal corporation included within said district, it is provided by said Article 13A of Chapter 16 of the West Virginia Code that this County Court shall appoint three (3) members of said board, who shall be persons residing within the district;

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Upshur County, West Virginia as follows:

Section 1. That the County Court of Upshur County, West Virginia, hereby finds and determines that Rex Post, Blaine Robinson and, Dallas Pugh are persons residing within the Tennerton Public Service District, and the aforesaid persons are hereby appointed as members of the public service board of said district and their respective terms of office shall be as follows:

Rex Post for a term of six (6) years from the first day of the month in which this resolution and order is adopted;

Blaine Robinson for a term of four (4) years from the first day of the month in which this resolution and order is adopted; and,

Dallas Pugh for a term of four (4) years from the first day of the month in which this resolution and order is adopted.

Section 2. The aforesaid persons shall meet as soon as practicable, at the office of the Clerk of Said County Court and shall qualify by taking an oath of office, and thereafter said appointees constituting the initial public service board of the Tennerton Public Service District shall meet and organize in compliance with the provisions of Article 13A of Chapter 16 of the West Virginia Code.

ADOPTED BY THE COUNTY COURT Upshur, 1971.

Howard R. Gould
President

ATTEST:

Virginia K. Murray
Clerk

STATE OF WEST VIRGINIA)
) ss.
COUNTY OF UPSHUR)

I, Virginia K. Murray, hereby certify that I am the duly qualified and acting Clerk of the County Court of Upshur County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of August 23, 1971, ~~xxxx~~, and resolutions and orders then adopted relating to the creation of Tennerton Public Service District, and appointment of members to the public service board of said district.

IN WITNESS WHEREOF, I have hereunto fixed my official signature and seal of said Court at Buckhannon, West Virginia, this August 23rd, 1971.

Virginia K. Murray
County Court Clerk

Ordered that this Court do adjourn until Monday, August 30th, 1971.

President

STATE OF WEST VIRGINIA,
Upshur County, ss:

I, DEBBIE THACKER WILFONG, Clerk of the County Commission of Upshur County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in LAW ORDER Book No. 7 at page No. 160.

Given under my hand and the seal of said Commission this 1ST day of MAY, 19 97.

DEBBIE THACKER WILFONG
Clerk, County Commission

BY: Rose M Clutter DEPUTY

THURSDAY, APRIL 21, 1995

The County Commission of Upshur County, West Virginia, held their regular meeting at the Courthouse thereof, on Thursday, April 20, 1995. The meeting was called to order at 9:00 a.m. by Joyce L. Harris-Thacker, President. There were present Joyce L. Harris-Thacker, Commissioner; George H. Roessing, Jr., Commissioner; Rick Rice, Commissioner; William A. Parker, County Coordinator; and Debbie Thacker Wilfong, County Clerk.

On motion by George H. Roessing, Jr., seconded by Rick Rice, the Commission approved the minutes of April 13, 1995, with notation of corrections.

On motion by Rick Rice, seconded by Joyce L. Harris-Thacker, the Commission approved the minutes of April 18, 1995.

The Commission reviewed the procedures to reduce the Tennerton Public Service District. On motion by Rick Rice, seconded by George H. Roessing, Jr., the Commission unanimously made a motion to set the date for a public hearing. The Commission set the Public Hearing date for May 18th, 1995, at 1:30 p.m. The hearing will address the service to Brushy Fork Area. City of Buckhannon will provide service if the area of the Public Service District is reduced.

STATE OF WEST VIRGINIA,
Upshur County, ss:

I, DEBBIE THACKER WILFONG, Clerk of the County Commission of Upshur County, West Virginia,

do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing

in LAW ORDER Book No. 19 at page No. 231.

Given under my hand and the seal of said Commission this 1ST day of MAY, 19 97.

DEBBIE THAKCER WILFONG
Clerk, County Commission

BY: DEPUTY

COPY

UPSHUR COUNTY COMMISSION

Upshur County Courthouse Annex
38 West Main Street, Room 302 • Buckhannon, West Virginia 26201

Telephone: (304) 472-0535
Telecopier: (304) 472-2399

TDD Numbers
Business: 472-9550
Emergency: 911

At a regular session of the County Commission of Upshur, held on the 18th day of May, 1995, the following order was made and entered:

SUBJECT: The reduction of the service area of the Tennerton Public Service District in the "Brushy Fork Area" of Upshur County. Area is outlined and described in attachments .

RESOLVED: That subject to approval of the Public Service Commission of West Virginia and on a motion duly made and seconded the Commission of Upshur does hereby direct that the service area of the Tennerton Public Service District be reduced as outlined and described in the attachments.

Whereon, Joyce L. Harris-Thacker, President, declared said order duly adopted and it is therefore adjudged and ordered that said order be hereby adopted as so stated above. William A. Parker, County Administrator, is directed to file this order and attachments with the Public Service Commission of West Virginia for final disposition.

Joyce L. Harris-Thacker

Joyce L. Harris-Thacker
President

State of West Virginia, County of Upshur, ss:

Christie Boone ..... Advertising Manager

Record Delta, a newspaper published at Buckhannon in the said county, do hereby certify that the annexed NOTICE OF PUBLIC HEARING

was published once a week for ONE WEEK (1) successive weeks in said Record Delta newspaper published as aforesaid, commencing on the 3rd day of May days of 1995

Given under my hand this 19th day of Sept. day of 1995

Christie Boone ... Advertising Manager

Printers fee $ 51.75

WEST VIRGINIA, UPSHUR COUNTY, TO-WIT:

Subscribed and sworn to before me this 19th day of Sept day of 1995

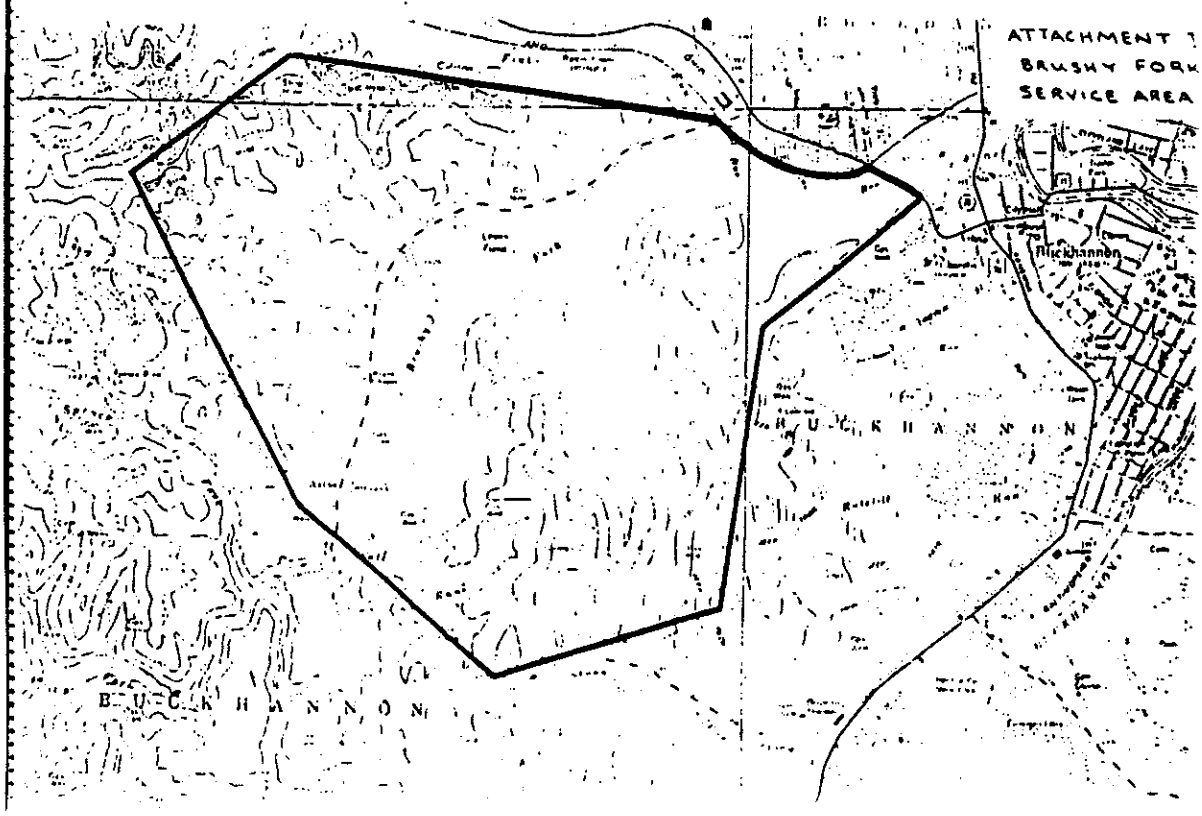
Phyllis J. Neuhardt ..... Notary Public.

My Commission expires May 26, 2003

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PHYLLIS J. NEUHARTH
RT. 2 BOX 93
FRENCH CREEK, WV 26218
My Commission Expires May 26, 2003

NOTICE OF PUBLIC HEARING
UPSHUR COUNTY COMMISSION

During a regular meeting conducted on April 20, 1995, eht County Commission of Upshur deemed it necessary, feasible and propoer to reduec the area of the Tennerton Public Service District. This area is known as the "Brushy Fork Service Area: and is outlined on the map below, Attachment I. On a motion duly made and seconded the County Commission of Upshur has set a public hearing to consider comments and/or objections before a final decision is rendered. The hearing will be held at the Upshur County Courthouse (Room201) at 1:30 p m Thursday, May 18, 1995, to cons removing this area from the Tenne Public Service District and allowing City of Buckhannon to provide sew service to the area.



DESCRIPTION OF SURVEY

A parcel situate in Buckhannon District, Upshur County, West Virginia bounded and described as follows:

Beginning at a point at the Intersection of West Virginia Secondary Route 20/7 and West Virginia Secondary Route 14;

Thence N49-30W 5550' more or less to a point South of West Virginia Secondary Route 14, West of the community of Atlas;

Thence N28W 7900' more or less to a point on top of a ridge;

Thence N54-30E 4450' more or less to a point;

Thence S82E 9000' more or less to a point at the Intersection of West Virginia Secondary Route 7 and Corridor "H";

Thence with Corridor "H" to the Intersection of Old West Virginia Route 33, now West Virginia Route 151:

Thence with said West Virginia Route 151 approximately 1200' more or less to a point in said West Virginia Route 151;

Thence leaving said West Virginia Route 151, S50-30W 4350' more or less to a point;

Thence S07-30W 6150' more or less to a point;

Thence S72W 4950' to the Beginning.

It is the Intention of this Description to provide a Metes and Bounds Description showing part of the Water Shed of Brushy Fork and Fall Run.

This Description was Protracted and Scaled from a 1" = 2000' United States Geological Survey Quadrangle Map.

Dale P. Bennett, PS-954
BENNETT SURVEYING
BUCKHANNON, WV 26201

DALE P. BENNETT
LICENSED
No. 954
STATE OF
WEST VIRGINIA
PROFESSIONAL SURVEYOR

COPY

UPSHUR COUNTY COMMISSION

Upshur County Courthouse Annex
38 West Main Street, Room 302 • Buckhannon, West Virginia 26201

Telephone: (304) 472-0535
Telecopier: (304) 472-2399

TDD Numbers
Business: 472-9550
Emergency: 911

At a regular session of the County Commission of Upshur, held on the 8th day of June, 1995, the following order was made and entered:

SUBJECT: The reduction of the service area of the Tennerton Public Service District. Area is outlined and described in attachments.

RESOLVED: That subject to approval of the Public Service Commission of West Virginia and on a motion duly made and seconded the Commission of Upshur does hereby direct that the service area of the Tennerton Public Service District be reduced as outlined and described in the attachments.

Whereon, Joyce L. Harris-Thacker, President, declared said order duly adopted and it is therefore adjudged and ordered that said order be hereby adopted as so stated above. William A. Parker, County Administrator, is directed to file this order and attachments with the Public Service Commission of West Virginia for final disposition.

Joyce L. Harris-Thacker

Joyce L. Harris-Thacker
President

Christie Boone ..... Advertising Manager

Record Delta, a newspaper published at Buckhannon in the said county, do hereby certify that the annexed NOTICE OF PUBLIC HEARINGS

was published once a week for one week (1) successive weeks in said Record Delta newspaper published as aforesaid, commencing on the 26th day of May days of 19 95

Given under my hand this 23rd day of Oct day of 19 95

Christie Boone ... Advertising Manager

Printers fee $ 82.20

WEST VIRGINIA, UPSHUR COUNTY, TO-WIT:

Subscribed and sworn to before me this 23rd day of Oct day of 19 95

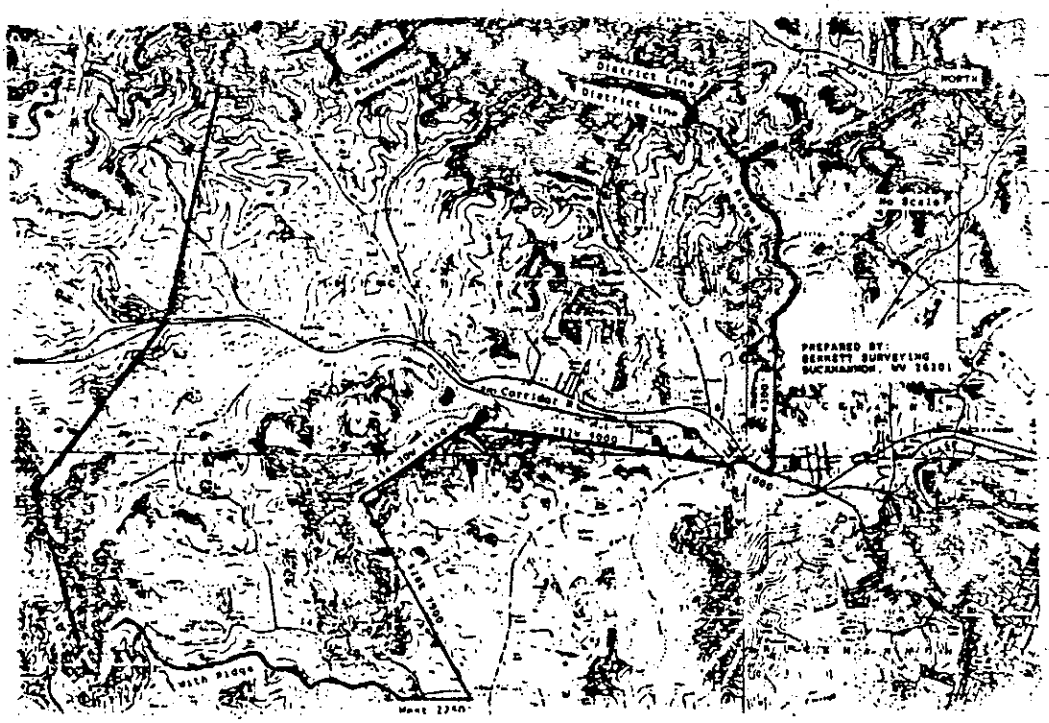
Phyllis J. Neuhart ..... Notary Public.

My Commission expires May 26, 2003

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PHYLLIS J. NEUHARTH
RT. 2, BOX 85
FRENCH CREEK, WV 26218
My Commission Expires May 26, 2003

NOTICE OF PUBLIC HEARING
conducted by the
UPSHUR COUNTY COMMISSION

During a regular meeting conducted on May 4 1995 the County Commission of Upshur deemed it necessary, feasible and proper to reduce the ares of the Tennerton Public Service District. (Area is outlined and described below) On a motion duly made and seconded the County Commission of Upshur has set a public hearing to consider comments and/or objections before a final decision is rendered. The hearing will be held at the Upshur County Courthouse (Room 201) at 1:30 pm on Thursday, June 8, 1995, to consider removing the area from Tennerton Public Service District allowing the City of Buckhannon to pro sewage service to the area



DESCRIPTION OF SURVEY

A parcel situated in Buckhannon District, Upshur County, West Virginia bounded and described as follows.

Beginning at a point at the intersection of Corridor "H" and West Virginia Secondary Route 7, N82W 9000' to a point on Ridge.

Thence S28E 7900' to a point South of West Virginia Secondary Route 14 and West of the Community of Atlas;

Thence West 2250' to a point on Ridge;

Thence with the top of Ridge until the Ridgeline intersects the Upshur County and Lewis County Line;

Thence with the top of Ridge until the Ridgeline intersects the Upshur County Buckhannon District Line and the Warren District Line;

Thence with said District Line to a point on Ridge, said point being Southwest of Three Lick Run;

Thence leaving said District Line and Running with Ridge approximately 2750, to a point on Ridge;

Thence with a line parallel to and 100' West of the Western Right of Way Line of Center Street of the West Virginia Appalachian Virginia Route 33.

Thence with said West Virginia R 151, approximately 1000' to Intersection of West Virginia Secon Route 7;

Thence with West Virginia Secon Route 7 to the Beginning

This Description was protracted scalled from a 1" = 2000' United St Geological Survey Quadrangle Map 5 25

DESCRIPTION OF SURVEY

A parcel situate in Buckhannon District, Upshur County, West Virginia bounded and described as follows:

Beginning at a point at the intersection of Corridor "H" and West Virginia Secondary Route 7, N82W 9000' to a point on Ridge;

Thence S54-30W 4450' to a point on Ridge;

Thence S28E 7900' to a point South of West Virginia Secondary Route 14 and West of the Community of Atlas;

Thence West 2250' to a point on Ridge;

Thence with the top of Ridge until the Ridgeline intersects the Upshur County and Lewis County Line;

Thence with the Upshur County and Lewis County Line approximately 25,350' to the Buckhannon District Line and the Warren District Line;

Thence with said District Line to a point on Ridge, said point being Southwest of Three Lick Run;

Thence leaving said District Line and Running with Ridge approximately 2750' to a point on Ridge;

Thence with a line parallel to and 100' West of the Western Right of Way Line of Center Street of the West View Addition, approximately 4300' to a point in West Virginia Route 151, Formerly Old West Virginia Route 33;

Thence with said West Virginia Route 151, approximately 1000' to the Intersection of West Virginia Secondary Route 7;

Thence with West Virginia Secondary Route 7 to the Beginning.

This Description was protracted and scalled from a 1" = 2000' United States Geological Survey Quadrangle Map.

Dale P. Bennett, PS-954
BENNETT SURVEYING
BUCKHANNON, WV 26201

DALE P. BENNETT
LICENSED
No. 954
STATE OF
WEST VIRGINIA
PROFESSIONAL SURVEYOR

Thursday, June 8, 1995

The Commission recessed at 12:00 until 1:30 for lunch.

At 1:30 p.m., the Commission recovened to conduct a Public Hearing on the reduction of the Tennerton Public Service District area. After discussion and comments from individuals in attendance, (copy included) and on motion by Rick Rice, seconded by Joyce L. Harris-Thacker, the Commission reduced the service area of the Tennerton Public Service District per the published notice (copy included).

The Commission received the following:

1. Objection to 1994 Report of Estate Administration for the Estate of Gertrude B. Howell, deceased (copy included)

The Commission were informed of the following:

Airport Authority - June 13 - 7:00 a.m.
Park Board Meeting - Park Facility - June 14
Arrive Clarksburg - Champion - June 19 - 1:30 p.m.

No other business, the meeting was adjourned at 3:15 p.m.

NOTICE OF PUBLIC HEARING
conducted by the
UPSHUR COUNTY COMMISSION

During a regular meeting conducted on May 4, 1995, the County Commission of Upshur deemed it necessary, feasible and proper to reduce the area of the Tennerton Public Service District. (Area is outlined and described below). On a motion duly made and seconded the County Commission of Upshur has set a public hearing to consider comments and/or objections before a final decision is rendered. The hearing will be held at the Upshur County Courthouse (Room 201) at 1:30 pm on Thursday, June 8, 1995, to consider removing the area from the Tennerton Public Service District and allowing the City of Buckhannon to provide sewage service to the area.

DESCRIPTION OF SURVEY

A parcel situate in Buckhannon District, Upshur County, West Virginia bounded and described as follows:

Beginning at a point at the intersection of Corridor "H" and West Virginia Secondary Route 7, N82W 9000' to a point on Ridge;

Thence S54-20W 4450' to a point on Ridge;

Thence S28E 7900' to a point South of West Virginia Secondary Route 14 and West of the Community of Atlas;

Thence West 1250' to a point on Ridge;

Thence with the top of Ridge until the Ridgeline intersects the Upshur County and Lewis County Line;

Thence with the Upshur County and Lewis County Line approximately 25,250' to the Buckhannon District Line and the Warren District Line;

Thence with said District Line to a point on Ridge, said point being Southwest of Three Lick Run;

Thence leaving said District Line and Running with Ridge approximately 2750' to a point on Ridge;

Thence with a line parallel to and 100' West of the Western Right of Way Line of Center Street of the West View Addition, approximately 4300' to a point in West Virginia Route 151, formerly Old West Virginia Route 33;

Thence with said West Virginia Route 151, approximately 1000' to the Intersection of West Virginia Secondary Route 7;

Thence with West Virginia Secondary Route 7 to the Beginning.

This Description was protracted and scaled from a 1" = 2000' United States Geological Survey Quadrangle Map.

Public Hearing -- 6-8-95

William A. Parker	County Administrator
Mary J. Myers	UPONOR - ETI
Frank Moot	UCDA
Terry Gher	Upon - ETI
[illegible]	Bank 1
Sam Ludlow	City of Buckhannon
Don Cuevas	BU Chamber of Comm
David A. Wilson	WV D.O.T.
John Barlow	City Council - Buckhannon
Burl Long	City of Buckhannon
Evelyn R. Lewis	Brushy Fork
Terry Gould	Mgr T.PSD.
Steve Andrews	Union Drilling
Allen Hamner	Member, Sanitary Board/Buckh.
John Y. McGrew Jr	Tennerton PSD
Mendy Nestor	Record Delta
Danny Ellis	PSC
Gary Garrell	PSC
Carol Jean Walton	The Inter-Mountain

STATE OF WEST VIRGINIA,
Upshur County, ss:

I, DEBBIE THACKER WILFONG, Clerk of the County Commission of Upshur County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in LAW ORDER Book No. 20 at page No. 12.

Given under my hand and the seal of said Commission this 1ST day of MAY, 1997.

DEBBIE THACKER WILFONG
Clerk, County Commission

BY: [signature] DEPUTY

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
5-12-96

Entered: April 22, 1996

CASE NO. 95-1043-PSD-PC

UPSHUR COUNTY COMMISSION
Petition to reduce boundaries of
Tennerton Public Service District.

RECOMMENDED DECISION

PROCEDURE

On October 25, 1995, the Upshur County Commission filed a petition for the Public Service Commission's approval to reduce the boundaries of Tennerton Public Service District (District). The District's boundary reduction would allow the City of Buckhannon to extend its sewer system into this area.

On December 4, 1995, the Public Service Commission issued a Referral Order in this matter, referring this case to the Division of Administrative Law Judges for a decision to be rendered on or before May 22, 1996.

On December 15, 1995, Ronald E. Robertson, Jr., Staff Attorney, filed a Final Joint Staff Memorandum in this proceeding. Attached to that Memorandum was a Staff Final Recommendation from James W. Boggess, Jr., Utilities Analyst, Public Service District Division, dated December 12, 1995. According to Staff, it appears that the Upshur County Commission has substantially complied with the requirements of West Virginia Code §16-13A-2, and, therefore, Staff recommended approval of the District's boundary reduction. According to Staff, the next and final step to comply with the above-stated Code provision is to schedule a Public Service Commission hearing in Upshur County.

By Procedural Order entered on January 16, 1996, it was directed that the above-styled case be scheduled for hearing on February 9, 1996, at 10:00 a.m., in the County Commissioner's Hearing Room, Buckhannon, West Virginia. However, a notice of hearing was not attached to the January 16, 1996 Procedural Order.

By Procedural Order entered on February 8, 1996, the hearing scheduled for February 9, 1996, was cancelled and this matter rescheduled for hearing to be held on February 28, 1996. It was further ordered that the Upshur County Commission give notice of the hearing to be held in this matter on February 28, 1996, at 10:00 a.m., by publishing a copy of the notice of hearing, attached to the Order as Appendix A, once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in

Upshur County, on a date between February 9, 1996, and February 23, 1996. The proper affidavit of publication was to be returned on or before February 28, 1996.

The February 28, 1996 hearing was held as scheduled. Mr. William Parker, County Administrator, appeared on behalf of the County Commission. Mr. Ronald E. Robertson, Jr., Esquire, appeared on behalf of Commission Staff. Mr. Rick Rice, President of Upshur County Commission, was also present.

EVIDENCE

Mr. William Parker, County Administrator, presented the affidavits of publication in this proceeding. (Tr., p. 4). Mr. Ronald Robertson, Staff Attorney, presented the Final Joint Staff Memorandum filed December 15, 1995. It was designated as Staff Exhibit No. 1 and admitted into evidence. (Tr., p. 5).

Mr. Robertson represented to the hearing that the District has substantially complied with West Virginia Code §16-13A-2, and that Staff's recommendation is that the Upshur County Commission's petition to reduce the boundaries of Tennerton Public Service District be approved, as filed. (Tr., p. 5).

FINDINGS OF FACT

1. On October 25, 1995, Upshur County Commission filed a petition with the Public Service Commission to reduce the boundaries of Tennerton Public Service District. (See, Petition).

2. No protests have been filed to the proposed boundary reduction. (Transcript and case file generally).

3. Commission Staff has recommended approval of the County Commission's order, since the County Commission has complied with the requirements of West Virginia Code §16-13A-2. (Staff Ex. No. 1).

CONCLUSION OF LAW

Since the District has substantially complied with West Virginia Code §16-13A-2, it is reasonable that the District's petition be approved as filed.

ORDER

IT IS, THEREFORE, ORDERED that the order of the Upshur County Commission, dated June 8, 1995, to reduce the boundaries of Tennerton Public Service District, be, and it hereby is, approved.

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

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

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

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

Miles C. Cary

Miles C. Cary
Administrative Law Judge

MCC:dfs

THURSDAY, JUNE 12, 1997

The County Commission of Upshur County, West Virginia, held their regular meeting at the Courthouse Annex on Thursday, June 12, 1997. The meeting was called to order at 9:00 a.m. by Rick E. Rice. There were present Rick E. Rice, President; Joyce L. Harris-Thacker, Commissioner; Donnie R. Tenney, Commissioner; and Darlene Orts, Deputy County Clerk. The meeting began with a moment of Silent Meditation, followed by the Pledge of Allegiance. All motions passed unanimously unless otherwise stated.

On motion by Joyce L. Harris-Thacker, seconded by Donnie R. Tenney, the Commission approved the minutes of June 5, 1997 with corrections. The minutes of May 29, 1997 were not available for approval at this time. All vacation orders were approved at this time.

Larry G. Marsh, Sheriff, appeared before the Commission to present the Commission with the delinquent tax listing for their review. No action was taken on this matter.

Larry G. Marsh presented the Commission with a letter from Hal S. McComas, Principal, Buckhannon-Upshur High School, expressing his appreciation to the Sheriff's Department for the presence of Officers at the graduation ceremony. (copy included)

Jim Shimbo, Cellular One, appeared before the Commission to present a verbal proposal to the Commission for the Sheriff's Department Cellular Phones in the sheriff's cruisers. Jim Shimbo stated the present contract allows seventy (70) minutes of free airtime per phone per month at a cost of Twenty Nine Dollars ($29.00) per month per phone. Under the new proposal, Cellular One will provide the Sheriff with two (2) additional phones for a total of five (5) cellular phones, and five hundred total minutes of free airtime to be shared between all phones for a total cost of Eighty Six Dollars and Eighty Cents ($86.80) per month. The breakdown on this contract would be Thirty Five Dollars ($35.00) per month for the first phone and Twelve Dollars and Ninety Five Cents ($12.95) per month for each additional phone.

The Commission asked Larry G. Marsh if he had contacted US Cellular for prices also. He stated he hadn't, but would before next weeks meeting. The Commission advised Larry G. Marsh to obtain formal proposals from both US Cellular and Cellular One before they will act on this matter.

Kim Davis, Adopt a Friend Group, appeared before the Commission along with Patricia Minehart and Chris Bays, also with the Adopt a Friend Group from Lewis County. Kim Davis referred to a newspaper article regarding last weeks meeting when Mr. Reger had presented the Commission with a written complaint regarding the dogs Kim Davis is adopting from her home. Kim Davis stated the dogs Mr. Reger is referring to are her personal dogs and not the ones she had obtained from the Dog Pound. Patricia Minehart and Chris Bays stated they are planning to help Kim Davis install a fenced in area for the dogs on her property.

Patricia Minehart and Chris Bays gave a brief overview of the facilities located at their homes and places of business in Lewis County. Patricia Minehart stated they would like to discuss with the Commission at a later date the possibility of running the Adopt a Friend Organization directly out of the Dog Pound facility when the construction is completed. Chris Bays stated she would be willing to man the building from 9:00 a.m. through 3:15 p.m. Monday through Friday on a volunteer basis. The Commission stated that is something they would possibly consider at a later date.

Joyce L. Harris-Thacker advised the Commission that Coastal Lumber had donated the use of fields located in the Island for use by the Stockert Youth Center for activities associated with the Youth Center. Joyce L. Harris-Thacker stated Coastal Lumber has prepared a long term lease which she will present to Alexander Ross, Prosecuting Attorney, for his review.

Alexander Ross questioned the Commission about the Stockert Youth Center Board responsibilities versus the Upshur County Commission responsibilities regarding the Stockert Youth Center. Rick E. Rice suggested that it would be to the benefit of the Commission for Alexander Ross to review how the Stockert Youth Center is set up and review the bi-laws of the Stockert Youth Center Board.

Alexander Ross advised the Commission he had received approval from the Criminal Justice and Highway Safety office that the grant for Victims of Violent Crimes has been approved. The original paperwork was not available for the Commission's signatures at this time. On motion by Joyce L. Harris-Thacker, seconded by Donnie R. Tenney, the Commission authorized the President to affix his signature on all necessary documents regarding the grant, when they become available.

The Commission asked Alexander Ross about the anticipated termination of Health Insurance Coverage on the County Surveyor. Alexander Ross advised the Commission he is waiting for additional information from William A. Parker, County Administrator. William A. Parker was not available this week due to a family illness.

The Commission received a verbal request from William C. Thurman for a decision on an appointment to the Tennerton Public Service District. William C. Thurman advised The Commission that the position held by Raymond Samples will be expiring on July 31, 1997. On motion by Rick E. Rice, seconded by Joyce L. Harris-Thacker, the Commission appointed John Jenkins to the position on the Tennerton Public Service District with the term beginning August 1, 1997 and continuing through July 31, 2003.

Gary Bailey, Maintenance Supervisor, advised the Commission that Duane McCartney, Alcon Company, had contacted him regarding the amount of concrete required at the dog pound. Gary Bailey stated the original estimate called for nine (9) yards of concrete for the footer, however, when the pour was complete, it took a total of thirteen and one half (13.5) yards. It is not known if there was an estimating error or a grading difference.

On motion by Donnie R. Tenney, seconded by Joyce L. Harris-Thacker, the Commission authorized the President to affix his signature to all necessary forms regarding the Community Work Experience Program Contract (CWEP),and the Joint

17A

UPSHUR COUNTY COMMISSION

Upshur County Courthouse Annex
38 West Main Street, Room 302 • Buckhannon, West Virginia 26201

Telephone: (304) 472-0535
Telecopier: (304) 472-2399

TDD Numbers
Business: 472-9550
Emergency: 911

May 2, 1997

William C. Thurman
Tennerton Public Service District
188 Fayette Street
Buckhannon, WV 26201

Subj: Board Members for the
Tennerton Public Service District

The records of the Upshur County Commission list the following individuals as members of the above referenced board:

Name	Term Information
✓ John McGrew	Appointed to a six year term ending 7-31-01 during July 1995
Raymond Samples	Appointed to a six year term ending 7-31-97 during July 1991
✓ Robert Tomblyn	Appointed to a six year term ending 7-31-99 during July 1993

The Upshur County Commission will be contacting the Tennerton Public Service District for input and suggestions concerning the upcoming appointment for the term ending July 1997. If you have any questions or would require additional information, please contact our office.

Sincerely,

William A. Parker
County Administrator

17B

OATH OF OFFICE AND CERTIFICATE

Johnson-Watson • Dayton Blank Book—E-3840

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

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of **MEMBER OF THE TENNERTON PUBLIC SERVICE DISTRICT** to the best of my skill and judgment SO HELP ME GOD:

(Signature of affiant) John V. McGrew Jr
JOHN V. MCGREW JR

Subscribed and sworn to before me, in said County and State, this **9TH** day of **JULY**, 19 **97**

Debbie Thacker Clerk

UPSHUR COUNTY, TO-WIT:

Be it remembered that on the **9TH** day of **JULY**, 19 **97**, this **OATH OF OFFICE** was presented in the Clerk's Office of the County Court of said County and recorded according to law.

Teste: Debbie Thacker Clerk
Clerk County Court, Upshur County, West Virginia.

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

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of MEMBER OF THE TENNERTON PUBLIC SERVICE DISTRICT BOARD to the best of my skill and judgment SO HELP ME GOD:

(Signature of affiant) Robert Lodge

Subscribed and sworn to before me, in said County and State, this 14TH day of AUGUST, 1997

UPSHUR COUNTY, TO-WIT:

Be it remembered that on the 14TH day of AUGUST, 1997, this OATH OF OFFICE was presented in the Clerk's Office of the County Court of said County and recorded according to law.

Teste:

Clerk County Court, Upshur County, West Virginia.

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

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of **MEMBER OF THE TENNERTON PUBLIC SERVICE DISTRICT** to the best of my skill and judgment SO HELP ME GOD:

(Signature of affiant) [illegible]

Subscribed and sworn to before me, in said County and State, this **13TH** day of **AUGUST**, 19**97**

Debbie Thacker Wilfong

UPSHUR COUNTY, TO-WIT:

Be it remembered that on the **13TH** day of **AUGUST**, 19**97**, this **OATF OF OFFICE** was presented in the Clerk's Office of the County Court of said County and recorded according to law.

Teste: Debbie Thacker Wilfong
Clerk County Court, Upshur County, West Virginia.

OATH OF OFFICE AND CERTIFICATE

Johnson-Watson • Dayton Blank Book—L-1540

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

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of TREASURER OF THE TENNERTON PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD:

(Signature of affiant) .....

Subscribed and sworn to before me, in said County and State, this 14TH day of AUGUST, 1997

Terry N. Gould

UPSHUR COUNTY, TO-WIT:

Be it remembered that on the 14TH day of AUGUST, 1997, this OATH OF OFFICE was presented in the Clerk's Office of the County Court of said County and recorded according to law.

Teste: .....
Clerk County Court, Upshur County, West Virginia.

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

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of ..... to the best of my skill and judgment SO HELP ME GOD:

(Signature of affiant) .....

Subscribed and sworn to before me, in said County and State, this ..... day of ....., 19.....

TENNERTON PUBLIC SERVICE DISTRICT

RESOLUTION NO. 86-1

A RESOLUTION ESTABLISHING RULES AND REGULATIONS FOR THE PUBLIC SERVICE BOARD OF THE TENNERTON PUBLIC SERVICE DISTRICT, INCLUDING RULES OF PROCEDURE AND RULES BY WHICH THE TIME AND PLACE OF ALL REGULARLY SCHEDULED MEETINGS AND THE TIME, PLACE AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE MADE AVAILABLE IN ADVANCE TO THE PUBLIC AND NEWS MEDIA, AND PROVIDING WHEN THIS RESOLUTION AND SUCH RULES AND REGULATIONS SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF THE TENNERTON PUBLIC SERVICE DISTRICT:

SECTION ONE. Statutory Mandate for These Rules and Regulations. The rules and regulations established in and by this Resolution are mandated by and promulgated pursuant to Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended (the "Public Service District Act"), and Chapter 6, Article 9A, of the Code of West Virginia, 1931, as amended (the "Public Meeting Act"), and other applicable provisions of law.

SECTION TWO. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Section 4 of the Public Service District Act requires each public service board, by resolution to determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given, and emergency meetings may be called, in accordance with Section 3 of the Public Meeting Act.

(B) Section 3 of the Public Meeting Act requires each governing body, as defined in the Public Meeting Act, to promulgate rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are to be made available in advance to the public and news media.

(C) The Public Service Board of the Tennerton Public Service District, in Upshur County, West Virginia (the "Public Service Board"), is a public service board described by the Public Service District Act and a governing body within the meaning of the Public Meeting Act.

(D) Accordingly, it is hereby ordered that the rules and regulations set out in Section Three hereof be promulgated

and established as rules and regulations of the Public Service Board.

SECTION THREE. Rules and Regulations. The following are hereby promulgated and established as rules and regulations of the Public Service Board:

RULES AND REGULATIONS
PUBLIC SERVICE BOARD
TENNERTON PUBLIC SERVICE DISTRICT

ARTICLE ONE

AUTHORITY

Section 1.01: These Rules and Regulations are promulgated pursuant to Article 13A of Chapter 16 (the "Public Service District Act") and Article 9A of Chapter 6 (the "Public Meeting Act") of the Code of West Virginia, 1931, as amended, to govern the conduct of the affairs of the Public Service Board (the "Public Service Board") of the Tennerton PUblic Service District, a public corporation and political subdivision of the State of West Virginia (the "District"), created by an order of The County Commission of Upshur County (the "County Commission") entered on July 12, 1971. These Rules and Regulations are intended to supplement the provisions of the Public Service District Act and the Public Meeting Act, and the Public Service Board shall have all the powers and be subject to all the limitations set forth therein. Any provision of these Rules and Regulations which is contrary to or inconsistent with the Public Service District Act or the Public Meeting Act shall be superseded thereby.

ARTICLE TWO

PUBLIC SERVICE BOARD

Section 2.01: The powers of the District shall be vested in and executed by the Public Service Board, which shall consist of three (3) members, each of whom shall reside within the geographical area covered by the District and shall have successfully completed the training program required by the Public Service District Act. Each member of the Public Service Board shall be appointed by the County Commission, and the term of office shall be six (6) years. Pursuant to Section 3 of the Public Service District Act, a vacancy for any unexpired term shall be filled by appointment by the County Commission within

thirty (30) days. Accordingly, any request for resignation from the Public Service Board shall be tendered to the County Commission, with a copy to the Public Service Board. The Secretary shall otherwise notify the County Commission of such immediately upon the creation of any vacancy in the Public Service Board.

Section 2.02: The County Commission may remove any member of the Public Service Board for consistent violation of these Rules and Regulations or of the Public Service District Act, for reasonable cause, which includes, but is not limited to, a continued failure to attend meetings of the Public Service Board, failure to pursue diligently the objectives for which the District was created or failure to perform any other duty prescribed by law or for any misconduct in office or upon written petition signed by twenty-five percent (25%) of the registered voters who reside within the geographical limits of the District, but only in the manner prescribed by Section 3a of the Public Service District Act.

Section 2.03: The salary of each of the members of the Public Service Board shall be Fifty Dollars ($50.00) per attendance at regular monthly meetings and Thirty Dollars ($30.00) per attendance at additional special meetings, the total salary not to exceed Seven Hundred Fifty Dollars ($750.00) per annum. Solely for the purpose of this Section 2.03, the regular monthly meeting of the Public Service Board shall be considered that meeting held on the first Wednesday of each month. Each member of the Public Service Board may be reimbursed for the reasonable and necessary expenses actually incurred in the performance of his duties, upon his request and upon the written resolution of the majority of the members of the Public Service Board present.

ARTICLE THREE

OFFICERS

Section 3.01: At its first meeting after January 1 of each year, the Public Service Board shall organize by selecting one of its members to serve as Chairman and by appointing a Secretary and a Treasurer. The Secretary and Treasurer so appointed need not be members of the Public Service Board and may be the same person.

Section 3.02: The Chairman shall preside at all meetings of the Public Service Board and shall preserve decorum and shall decide questions of order, subject to appeal to the Public Service Board as a whole. The Chairman may move, second, debate and vote as any other member of the Public Service Board and shall not be deprived of any of the rights and privileges of PUblic Service Board membership by reason of acting as Chairman. If the Chairman should be absent from any meeting, the remaining members may

select a temporary chairman to preside at that meeting. If the Chairman resigns as Chairman or for any reason ceases to be a member of the Public Service Board, the Public Service Board shall select one of its members as Chairman to serve until the next annual organizational meeting. If the Chairman is unable to perform specific other duties necessary and incidental to the operation of the District, including but not limited to executing duly authorized notes and bonds of the District, then the Public Service Board shall designate an acting chairman and authorize such acting chairman to perform such duties.

Section 3.03: The Secretary attends all meetings of the Public Service Board and shall keep a written record of all proceedings of the Public Service Board, which shall be available for inspection as all other public records. The Secretary shall authenticate all such records by his signature. All minutes of Public Service Board meetings shall be distributed to the Public Service Board members and available to the public within a reasonable time after the meeting and shall include the following information: (A) date, time and place of the meeting; (B) names of each member of the Public Service Board present and absent; (C) all motions, proposal, resolutions, orders and measures proposed, the respective names of the persons proposing the same and their respective dispositions; and (D) the results of all votes, and, if requested, the vote of each member by name. Minutes of executive sessions may be limited to the topic of the matter discussed. Duplicate records shall be filed with the County Commission and shall include the minutes of all Public Service Board meetings. The Secretary shall perform such other duties appertaining to the affairs of the District and, if not a member of the Public Service Board, shall receive such salaries as shall be prescribed by the Public Service Board from time to time.

Section 3.04: The Treasurer shall be the lawful custodian of all of the District funds and shall pay the same out on written orders authorized or approved by the Public Service Board and otherwise in accordance with Section 12 of the Public Service District Act. The Treasurer shall perform such other duties appertaining to the affairs of the District and, if not a member of the Public Service Board, shall receive such salaries as shall be prescribed by the Public Service Board from time to time. The treasurer shall furnish bond in an amount to be fixed by the Public Service Board for the use and benefit of the District.

Section 3.05: The Pubic Service Board, and the Chairman, Secretary and Treasurer thereof, shall make available to the County Commission at all times all of its books and records pertaining to the District's operations, finances and affairs, for inspection and audit.

ARTICLE FOUR

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 4.01: The Public Service Board shall hold regular meetings at 7:00 p.m., prevailing time, on the first and third Wednesdays of each month at the Law Office of William C. Thurman at 41 West Main Street, Buckhannon, West Virginia. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Regular meetings may be otherwise re-scheduled by a quorum of the Public Service Board and with the notice prescribed by Section 5.01 hereof. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Public Service Board and with the notice prescribed by Section 5.02 hereof.

Section 4.02: At any meeting of the Public Service Board, two members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any meeting, and, if a quorum is not present, those present may adjourn the meeting to a later date. No member may vote by proxy.

Section 4.03: All proceedings of the Public Service Board shall be governed by these Rules and Regulations and, to the extent not inconsistent herewith, by Robert's Rules of Order-Revised.

Section 4.04: At least two days prior to each regular meeting the Secretary shall prepare an agenda of topics to be considered at the meeting; provided, that, by a majority vote of the Public Service Board members present, items not included on the agenda may be considered. The agenda shall be distributed to each member of the Public Service Board prior to the meeting and shall be available to the public.

Section 4.05: All written resolutions presented to the Public Service Board must be numbered consecutively within the year presented, with the resolution promulgating these Rules and Regulations to be designated Resolution No. 86-1.

Section 4.06: The Public Service Board shall in all regards comply with the provisions of the Public Meeting Act with regard to notice of the time and place of all meetings of the Public Service Board, as set out in Article Five below, and of these Rules and Regulations.

Section 4.07: All meetings of the Public Service Board shall be open to the public; provided, that the Public Service Board may meet in executive session pursuant to Section 4 of the Public Meeting Act.

ARTICLE FIVE

NOTICE OF PUBLIC MEETINGS

Section 5.01: Immediately after promulgation of these Rules and Regulations and in July of each year thereafter, the Public Service Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the place in the Upshur County Courthouse where notices customarily are posted and at the District's office a notice setting forth the times and places of the Public Service Board's regularly scheduled meetings for the ensuing year. Such notice shall be of size and style sufficient to give notice and shall be of quality sufficient to withstand deterioration throughout the year to which it applies. Additional copies of the notice shall be delivered to the Secretary.

Also immediately after promulgation of these Rules and Regulations and in July of each year thereafter, the Public Service Board shall instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers, television stations, radio stations and other news media listed within the Board's jurisdiction a copy of the above referenced notice. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at its normal address, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In June of each year after the promulgation of these Rules and Regulations, the Public Service Board shall review those receiving notice and shall amend such list as needed, in the opinion of the Public Service Board, to reflect properly all the newspapers, television stations, radio stations and other news media that customarily cover news of the District.

In the event of any modification in the time or place of a regularly scheduled meeting of the Public Service Board, notice of such modification shall be given to the public and news media in the manner set forth above, not less than three (3) days prior to the date of such regularly scheduled meeting, or, if such regularly scheduled meeting has been rescheduled for an earlier time, prior to the date of such rescheduled meeting. In addition, a copy of such notice shall be mailed to each member and to the Secretary and Treasurer of the Public Service Board. A copy of such notice shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of a regularly scheduled meeting and of the time and place for the continuation or reconvening thereof publicly given during such regularly scheduled meeting shall be

adequate notice to the public and news media of the time and place thereof.

Provided, failure of the Secretary to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Public Service Board shall determine that such posting and distribution were in substantial compliance herewith.

Section 5.02: Not less than three (3) but not more than six (6) days prior to the date set for any special meeting of the Public Service Board, the Public Service Board shall instruct the Secretary to, and the Secretary shall, post at such place in the Upshur County Courthouse where notices customarily are posted and on the door of the District's office a notice setting forth the time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than three (3) days prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers, television stations, radio stations and other news media to receive the same a notice identical to that posted. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at its normal business address, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In addition, a copy of such notice shall be mailed to each member and to the Secretary and Treasurer of the Public Service Board.

A copy of such notice posted and distributed pursuant to this Section 5.02 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of any special meeting and of the time and place for the continuation or reconvening thereof publicly given during such special meeting shall be adequate notice to the public and news media of the time and place thereof, the purpose or purposes therefore remaining the same.

Provided, failure of the Secretary to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Public Service Board shall determine that such posting and distribution were in substantial compliance herewith.

Section 5.03: A meeting of the Public Service Board may

be held without the notice to the public and news media required by Sections 5.01 and 5.02 hereof only in the event of an emergency requiring immediate official action. The existence of such an emergency requiring immediate official action shall be determined by a majority of the Public Service Board and shall be attested to in a certificate by the Chairman describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting. The secretary shall notify the members of the Public Service Board in person or by telephone at least two (2) hours prior to the emergency meeting.

ARTICLE SIX

EMPLOYEES OF THE PUBLIC SERVICE BOARD

Section 6.01: The Public Service Board may in its discretion employ a general manager, an attorney, a fiscal agent, one or more engineers, and such other employees as the Board may determine necessary and expedient, in accordance with Sections 5 and 6 of the Public Service District Act.

ARTICLE SEVEN

AMENDMENTS TO RULES AND REGULATIONS

Section 7.01: These Rules and Regulations may be altered, changed, amended or added to at any regular or special meeting of the Public Service Board by a majority vote of the Public Service Board members present; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such a change, alteration, amendment or addition and a clear statement of the substance thereof are included in the written notice calling such meeting.

SECTION FOUR. Appointment of Officers. John V. McGrew, Jr. is hereby selected to serve as Chairman of the Public Service Board, and William C. Thurman, Secretary and Terry N. Gould, Treasurer are hereby appointed as Secretary-Treasurer of the Public Service Board, both such officers to serve until the first meeting of the Public Service Board after January 1, 1987, or such later time as their respective successors shall be duly selected and appointed.

SECTION FIVE. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with

the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

SECTION SIX. Effective Time. This Resolution and the rules and regulations promulgated hereby shall take effect immediately upon the adoption hereof.

Introduced at Public Service Board Meeting: February 13, 1986

Adopted by Public Service Board: February 13, 1986

Chairman

JOHN V. McGREW, JR.

Member

RAYMOND H. SAMPLES

Member

ROBERT TOMBLYN

CERTIFICATE

The undersigned, as Secretary of the Public Service Board of Tennerton Public Service District, hereby certifies that the foregoing is a true, correct and complete copy of Resolution No. 86-1, adopted by said Public Service Board at a meeting duly called and held on February 13, 1986, in accordance with law, and that such Resolution No. 86-1 has not been repealed, revoked, rescinded or amended but is in full force and effect on the date hereof.

WITNESS my hand and the seal of the Tennerton Public Service District, this 14th day of February, 1986.

William C. Thurman

Secretary

[SEAL]

State of West Virginia, County of Upshur, ss:

Christie Bcone
.....Advertising Manager

Record Delta, a newspaper published at Buckhannon in the said county, do hereby certify that the annexed ...LEGAL NOTICE
TENNERTON PSD

was published once a week for ..two weeks (2)..... successive weeks in said Record Delta newspaper published as aforesaid, commencing on the ...10th and 17th days of June ..... days of 19...96.....

Given under my hand this 2nd day of July day of 19...96.....

Christie A. Boone ...Advertising Manager

Printers fee $ ...42.25.....

WEST VIRGINIA, UPSHUR COUNTY, TO-WIT:

Subscribed and sworn to before me this 2nd day of July day of 19 96.....

Phyllis J. Neuharth .....Notary Public.

My Commission expires May 26, 2003.....

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PHYLLIS J. NEUHARTH
RT. 2, BOX 95
FRENCH CREEK, WV 26218
My Commission Expires May 26, 2003

PUBLIC NOTICE
TENNERTON PUBLIC DISTRICT
UPSHUR COUNTY, WEST VIRGINIA

Any affected party should take notice that the Tennerton Public Service District, a public utility operating in Upshur County, intends to file within 30 days or soon thereafter with the West Virginia Public Service Commission for a Certificate of Convenience and Necessity to construct a sewer line extension. The proposed project, identified as the East Side Interceptor Project, will consist of 6,000 LF of interceptor sewer line, pump station, force main, manholes and all necessary appurtenances to make a complete and workable system. Sewage will be collected in the areas of Country Club Estates and Colony Oaks Subdivision and transported to the City of Buckhannon/Tennerton Public Service District wastewater treatment plant. Tennerton Public Service District intends to finance the cost of this project through a combination of tap fees, construction fees, and a loan through the State Revolving Loan Fund Program. The amount of the loan is not to exceed $273,116 at an interest rate not to exceed [illegible]% for a term of 20 years, secured with revenue bonds. Public service properties to be acquired are, a ten (10) foot permanent easement, approximately [illegible],000 LF in length; one hundred twenty square feet (120 ft2) pump station site with rights of ingress and egress; and acquisition of Country Club Estates subdivision's collection system consisting of approximately 3,714 LF of sewer lines, manholes, and appurtenances. A proposed tap fee of $150.00 will be charged for each customer. A proposed construction fee of $650.00 will be charged for each new customer. The anticipated fees are [illegible]:

$11.5[illegible] [illegible]um monthly bill.
$26.33 for 4,500 gallons (average)
$5.85 per 1,000 gallons.

The total cost of this project is estimated not to exceed $3,78,716. Written comments regarding this proposed sewer extension project should be addressed to the Tennerton Public Service District's business office at the following address:

John V. McGrew, Jr., Chairman
Tennerton Public Service District
[illegible]

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TENNERTON PUBLIC SERVICE DISTRICT

MAY 14, 1997

MINUTES

The Tennerton Public Service District met at the District office at 188 Fayette Street, Buckhannon, West Virginia on this date at 5:30 p.m.

Present were John V. McGrew, Jr., Chairman: Raymond Samples and Robert Tomblyn, Members; Terry N. Gould, Accountant; and William C. Thurman, Counsel and Secretary. Also present were Monte Fike and Sam Ludlow.

John McGrew introduced Monte Fike, Construction Manager for Thrasher Engineering assigned to the East Side Interceptor Project. He advised that the East Side Interceptor Project would be advertized for bids on May 16, 23 and 30th, that Thrasher Engineering staff would conduct a pre-bid conference at this office on June 3, 1997 at 10:00 a.m., and that bid opening would be held at this office on June 19, 1997 at 2:00 p.m. After general discussion regarding these activities in the project schedule Monte Fike explained the daily operations of Thrasher Engineering, their staff and procedures.

In other East Side Interceptor Project related business Bill Thurman advised the board regarding three matters of correspondance, to-wit: (1) James V. Kelsh, Public Service Commission Staff Attorney transmitting copy of Publication Notice and requesting waiver of formal hearing, (2) John Rogers, Environmental Specialist with the office of Water Resources transmitting additional copies of the East Side

Interceptor Project right of way agreements recorded February 2, 1995, (3) Vincent A. Collins, Esq., of Steptoe and Johnson, project bond counsel transmitting copies of sixteen (16) requested documents to facilitate issuance of bonds.

Bill Thurman also advised that by Procedural Order dated April 30, 1997 the Administrative Law Judge Susan A. Murensky has set the East Side Interceptor Project for hearing at 1:00 p.m. on May 28, 1997 at the Fire Department, 2nd floor, South Locust Street, Buckhannon, West Virginia. Since there have been no protests to the project the District will request that the hearing be waived.

In other matters Bill Thurman advised that the annual election of officers for Tennerton Public Service District held at the January 8, 1997 meeting was inadvertently not recorded in the minutes of said meeting. Upon motion by Robert Tomblyn, seconded by Raymond Samples the minutes of the January 1997 meeting of Tennerton Public Service District are hereby amended nunc pro tunc as follows:

Upon motion by Raymond Samples, seconded by Robert Tomblyn and unanimously passed, the 1997 TPSD officers are John V. McGrew, Jr., Chairman, Terry N. Gould, District Manager and Treasurer, and William C. Thurman, Counsel and Secretary.

John McGrew advised that he had received a letter on May 1, 1997 from Greg Phillips of the Country Club Estates Homeowners Association requesting an update on the East Side Interceptor Project status. Terry Gould will respond on behalf of the District.

In other business Terry Gould advised that he sent the

Annual Gross Revenue Operating Report to the West Virginia Public Service Commission the first week of May; that a credit memo was issued to Ed Wodzinski in the sum of $145.30 for a water leak; that a letter was sent to Jeff Brady - Kelly, Gidley, Blair & Wolfe regarding transmittal of 6 requested documents; and that by letter dated April 16, 1997 he responded to Hydrocarbon Energy, Inc. advising that TPSD was unable to provide gravity flow service to their location.

Sam Ludlow, City Engineer appeared and requested that the District initiate a policy prohibiting dumping into manholes by sewage haulers.

Terry Gould advised that the District had the following accounts on deposit:

1. Operating Account:----------$ 2,012.45
2. Money Mart:----------$38,969.85

He further stated that the District had served Four Hundred Sixty-five (465) customers for a total billing of Ten Thousand Nine Hundred Nineteen dollars and Fifty cents ($10,919.50) and had received Nine Thousand Five Hundred Ninty-five dollars and Eighteen cents ($9,595.18) on account for the month of April 1997.

The following bills were presented for payment:

Bell Atlantic----------$ 75.88

Allegheny Power----------224.21

Professional Business Systems-----1,200.00

William C. Thurman----------350.00

WV Municipal Bond Com.----------3,268.00

City of Buckhannon----------5,888.32

AT&T----------1.95

Motion to pay the bills by Raymond Samples, seconded by John McGrew, motion carried.

There being no further business to be discussed the meeting adjourned at 7:05 p.m.

Respectfully Submitted:

William C. Thurman

Approved by:

John T. McGrew

TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

MINUTES ON APPOINTMENT OF SECRETARY

I, JOHN JENKINS, SECRETARY of the Public Service Board of Tennerton 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 Tennerton Public Service District met in regular session, pursuant to notice duly posted, on the 13th day of August, 1997, in Buckhannon, West Virginia, at the hour of 5:30 p.m.

PRESENT:	John V. McGrew, Jr.	- Chairman and Member
	Robert Tomblyn	- Member
	John Jenkins	- Secretary and Member
	William C. Thurman	- Counsel to District
	Terry N. Gould	- Treasurer

ABSENT: None.

John V. McGrew, Jr., Chairman, presided, and John Jenkins, 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, John Jenkins was appointed as Secretary of Tennerton Public Service District.

*** *** ***

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

John V. McGrew Jr.
Chairman

Secretary

377427.1

21B

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 18th day of September, 1997.

Secretary

09/03/97
893440/97001

TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

MINUTES ON ADOPTION OF BOND AND NOTES
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, JOHN JENKINS, SECRETARY of the Public Service Board of Tennerton 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 Tennerton Public Service District met in regular session, pursuant to notice duly posted, on the 10th day of September, 1997, in Buckhannon, West Virginia, at the hour of 5:30 p.m.

PRESENT:	John V. McGrew, Jr.	- Chairman and Member
	Robert Tomblyn	- Member
	John Jenkins	- Secretary and Member
	William C. Thurman	- Counsel to District
	Terry N. Gould	- Treasurer

ABSENT: None.

John V. McGrew, Jr., Chairman, presided, and John Jenkins, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF TENNERTON PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $585,627 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF

PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

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

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the 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.

Chairman

Secretary

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 18th day of September, 1997.

Secretary

08/14/97
893440/97001

WV MUNICIPAL BOND COMMISSION

812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: September 18, 1997

(See Reverse for Instructions)

ISSUE: TENNERTON PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1997 A (West Virginia SRF Program)

ADDRESS: 188 Fayette Street, Buckhannon, WV 26201 COUNTY: Upshur

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: September 18, 1997 CLOSING DATE: September 18, 1997

ISSUE AMOUNT: $ 585,627 RATE: 2% Administrative Fee: 1%

1st DEBT SERVICE DUE: 9/1/98 1st PRINCIPAL DUE: 9/1/98

1st DEBT SERVICE AMOUNT: $8,899.80 PAYING AGENT: Municipal Bond Commission

ISSUERS

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esq.
Phone: 624-8161

CLOSING BANK: Bank One, WV, NA
Contact Person: Loretta Corathers
Phone: 472-4600

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Terry N. Gould
Position: Treasurer
Phone: 472-7685 FAX: ____

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esquire
Phone: 340-1318

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

OTHER: ____
Contact Person: ____
Function: ____
Phone: ____

DEPOSITS TO MBC AT CLOSE:

By ____ Wire
X Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
X Reserve Account: $ 35,600
____ Other: ____ $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $ ____
____ To Issuer: $ ____
____ To Cons. Invest. Fund: $ ____
____ To Other: ____ $ ____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: ____

TRANSFERS REQUIRED: ____

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

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 263-4785

STEPTOE & JOHNSON
ATTORNEYS AT LAW
BANK ONE CENTER
SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

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

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

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

WRITER'S DIRECT DIAL NUMBER

September 18, 1997

Tennerton Public Service District
Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

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,

Francesca Tan

Francesca Tan

Enclosure
Copy of letter with enclosure to:
William C. Thurman, Esquire
Samme L. Gee, Esquire
893440/97001

364588.

Form **8038-G** (Rev. May 1995) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

(Note: *Use Form 8038-GC if the issue price is under $100,000.*)

OMB No. 1545-0720

Part I Reporting Authority — If Amended Return, check here ▶ ☐

1 Issuer's name: TENNERTON PUBLIC SERVICE DISTRICT

2 Issuer's employer identification number: 55 | 0594613

3 Number and street (or P.O. box if mail is not delivered to street address): 188 Fayette Street — Room/suite:

4 Report number: G19 97 - 1

5 City, town, or post office, state, and ZIP code: Buckhannon, West Virginia 26201

6 Date of issue: 9/18/97

7 Name of issue: Tennerton Public Service District Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program)

8 CUSIP number: None

Part II Type of Issue (check applicable box(es) and enter the issue price)

9	☐ Education (attach schedule–see instructions)	9	$
10	☐ Health and hospital (attach schedule–see instructions)	10	
11	☐ Transportation	11	
12	☐ Public safety	12	
13	☒ Environment (including sewage bonds)	13	$585,627
14	☐ Housing	14	
15	☐ Utilities	15	
16	☐ 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	6/1/2018	2.000 %	$8,855.52	$8,855.52			
20 Entire issue			$585,627	$585,627	10.788 years	2.005 %	2.000 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

21	Proceeds used for accrued interest		21	-0-
22	Issue price of entire issue (enter amount from line 20, column (c))		22	$585,627
23	Proceeds used for bond issuance costs (including underwriters' discount)	23 $8,500		
24	Proceeds used for credit enhancement	24 -0-		
25	Proceeds allocated to reasonably required reserve or replacement fund	25 -0-		
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	$8,500
29	Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here)		29	$577,127

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.) N/A

30 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years

31 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years

32 Enter the last date on which the refunded bonds will be called ▶ _____

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)	34	-0-
35	Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

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 ▶ _____ and the date of the issue ▶ _____

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 ▶ ☐

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

John V. McGrew Jr. — Signature of issuer's authorized representative

9/18/97 — Date

John V. McGrew, Jr. Chairman — Type or print name and title

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Cat. No. 63773S Form 8038-G (Rev. 5-95)

Printed on recycled paper

TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

BANK ONE, WEST VIRGINIA, NA, a national banking association, in Buckhannon, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution of Tennerton Public Service District (the "Issuer"), both adopted September 10, 1997 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated September 18, 1997, in the principal amount of $585,627 (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 on this 18th day of September, 1997.

BANK ONE, WEST VIRGINIA, NA

Loretta M. Corathers
Senior Vice-President/Branch Manager

08/14/97
893440/97001

364620.

TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Tennerton Public Service District Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated September 18, 1997, in the principal amount of $585,627 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 18th day of September, 1997.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Assistant Vice President

08/14/97
893440/97001

364623.

TENNERTON PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Tennerton Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Tennerton Public Service District Sewer Revenue Bond, Series 1997 A (West Virginia SRF Program), of the Issuer, dated September 18, 1997, in the principal amount of $585,627, designated "Sewer Revenue Bond, Series 1997 A (West Virginia SRF Program)," numbered AR-1, is 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 18th day of September, 1997.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Assistant Vice President

08/14/97
893440/97001

364626.

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 18th day of September, 1997, by and between TENNERTON 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 $585,627 Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Resolution adopted September 10, 1997, and a Supplemental Resolution adopted September 10, 1997 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, 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: Tennerton Public Service District
188 Fayette Street
Buckhannon, West Virginia 26201
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, TENNERTON PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TENNERTON PUBLIC SERVICE DISTRICT

Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

08/14/97
893440/97001

EXHIBIT A

[Included in transcript as Document No. 1]

SCHEDULE OF COMPENSATION

DIVISION OF ENVIRONMENTAL PROTECTION
1201 Greenbrier Street
Charleston, WV 25311-1088

CECIL H. UNDERWOOD
GOVERNOR

JOHN E. CAFFREY
COMMISSIONER

July 16, 1997

Colonel John V. McGrew, Jr., (Retired), Chairman
Tennerton Public Service District
188 Fayette Street
Buckhannon, WV 26201

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0044849
Modification No. 1

Dear Colonel McGrew:

This letter serves as Modification No. 1, of your existing WV/NPDES Water Pollution Control Permit No. WV0044849, issued the 23rd day of December 1996.

After review and consideration of the information submitted on, and with, WV/NPDES Water Pollution Control Permit Modification Application No. WV0044849-A, dated the 24th day of April 1997, the plans and specifications, and other relevant information, the subject WV/NPDES Water Pollution Control Permit is, hereby, modified to effectuate, and incorporate, the following changes, and data, respectively.

To acquire, construct, install, operate, and maintain a wastewater collection system extension to be comprised of approximately 500 linear feet of four(4) inch diameter gravity sewer service line, 150 linear feet of six(6) inch diameter gravity sewer line, 6,400 linear feet of eight(8) inch diameter gravity sewer line, 28 manholes, three(3) cleanouts, two(2) lift stations, 450 linear feet of one and one fourth(1¼) inch diameter force main, 3,500 linear feet of six(6) inch diameter force main, seven(7) force main cleanouts, four(4) air release valves, flow measurement facilities, and all requisite appurtenances.

29A

These facilities are to serve a population equivalent of approximately 380 persons in the Country Club Road area, the Colony Oaks Drive area, the Chimney Rock Drive area, the Fox Hill Drive area, and the Tanglewood Drive area of the Public Service District, and convey wastewater to the City of Buckhannon's wastewater treatment plant for subsequent treatment, and discharge, to the Buckhannon River, approximately 21.3 miles from its mouth, of the Tygart Valley River of the Monongahela River. The additional wastewater flow to be generated is anticipated to be approximately 34,200 gallons per day.

This proposed wastewater collection system extension project shall be constructed in accordance with the plans and specifications, approved the 28th day of April 1997, and approved addenda, thereto, prepared by Kelley, Gidley, Blair & Wolfe, Inc.; 1325 Virginia Street, East; Charleston, WV 25301, or, P. O. Box 2986; Charleston, WV 25330, and entitled "Tennerton Public Service District; Upshur County, West Virginia; East End Sewer Extension; SRF Project No. C-544119."

By correspondence, dated the 13th day of May 1997, approval was granted of the Sediment Control Plan. Compliance, thereunder, is expressly required, as terms and conditions of this WV/NPDES Water Pollution Control Permit Modification, for these construction activities.

To operate and maintain an existing wastewater collection system comprised of approximately 500 linear feet of six(6) inch diameter gravity sewer line, 2,600 linear feet of eight(8) inch diameter gravity sewer line, 800 linear feet of 10 inch diameter gravity sewer line, 16 manholes, two(2) cleanouts, and all requisite appurtenances.

These existing facilities serve Country Club Estates, and shall, upon completion of construction of the wastewater collection facilities enumerated above, become an integral part of the Public Service District's wastewater collection system.

During the examination of the Public Service District's WV/NPDES Water Pollution Control Permit docket, relative to the review of WV/NPDES Water Pollution Control Permit Modification Application No. WV0044849-A, it came to our attention that the effective date, of the WV/NPDES Water Pollution Control Permit, on page 1 of 9, was misstated, as the 23rd day of January 1996. The effective date, of WV/NPDES Water Pollution Control Permit No. WV0044849, was the 23rd day of January 1997.

Subsequently, this WV/NPDES Water Pollution Control Permit Modification shall, also, serve to effectuate the appropriate change to your WV/NPDES Water Pollution Control Permit.

Consequential to the acquisition, construction, installation, and incorporation of these wastewater collection facilities into your WV/NPDES Water Pollution Control Permit, a reassessment of the basis of your annual permit fee was performed. It was determined that the fee would be revised.

Enclosed are revised page 1 of 9, and a revised Notice to Permittees which describes the the annual permit fee resultant to the permitting procedures being implemented, herein. These documents shall supersede the ones currently in your possession and should be incorporated into your existing WV/NPDES Water Pollution Control Permit.

All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit shall remain in effect and unchanged.

Sincerely,

OFFICE OF WATER RESOURCES

Barbara S. Taylor
Chief

BST:jdm

Enclosures

WRD 1A-82
Revised 4/95

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0044849

Subject: Sewage Collection Facilities

Issue Date: December 23, 1996

Effective Date: January 23, 1997

Expiration Date: December 22, 2001

Supersedes: WV/NPDES Permit No. WV0044849
Issue Date: October 28, 1991

Location:	near Buckhannon **(City)**	Upshur **(County)**	Monongahela **(Drainage Basin)**

To whom it may concern:

This is to certify that Tennerton Public Service District
188 Fayette Street
Buckhannon, WV 26201

is hereby granted a NPDES Water Pollution Control Permit to operate and maintain an existing wastewater collection system comprised of approximately 2,200 linear feet of six(6) inch diameter gravity sewer line, 37,700 linear feet of eight(8) inch diameter gravity sewer line, 12,500 linear feet of 12 inch diameter gravity sewer line, 1,100 linear feet of 14 inch diameter gravity sewer line, 263 manholes, 38 cleanouts, one(1) lift station, two(2) grinder pump stations, 500 linear feet of one and one fourth (1¼) inch diameter force main, 2,000 linear feet of four(4) inch diameter force main, and all requisite appurtenances.

These facilities are to serve a population equivalent of approximately 1,350 persons in the Tennerton Public Service District, and environs, and convey wastewater to the City of Buckhannon's wastewater treatment plant, for subsequent treatment and discharge, to the Buckhannon River, approximately 21.3 miles from its mouth, of the Tygart Valley River of the Monongahela River.

(Continued on Page 2 of 9)

Revised: July 16, 1997

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DIVISION OF ENVIRONMENTAL PROTECTION
1201 Greenbrier Street
Charleston, WV 25311-1088

CECIL H. UNDERWOOD
GOVERNOR

JOHN E. CAFFREY
COMMISSIONER

NOTICE TO PERMITTEES

RE: WV/NPDES Permit No. WV0044849

The 1989 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 20, Article 5A of the West Virginia Code by adding Section 6a, now Chapter 22, Article 11, Section 10. This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon regulations promulgated by the Director of the Division of Natural Resources. The Director promulgated regulations to this effect and the current regulations have an effective date of July 1, 1993. The regulations establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, West Virginia 25305, to obtain a copy of the regulations. The reference is Title 47, Legislative Rules of Department of Natural Resources, Series 26 Water Pollution Control Permit Fee Schedule.

Based upon the volume of discharge for which your facility is currently permitted or operating at, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is **$250.** This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit or in the case of coverage under a general permit, the fee is due no later than the anniversary date of your coverage under the general permit. You will be invoiced by this agency at the appropriate time for the fee. Failure to submit the annual fee within one hundred and eighty(180) days of the due date will render your permit void.

Revised: July 16, 1997

TENNERTON PUBLIC SERVICE DISTRICT, WEST VIRGINIA

NOTE AND BOND SERIES 1986 A and B RESOLUTION

30A

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NOTE, BOND AND LINE OF CREDIT RESOLUTION

Introduced to the Board _____

Referred to _____

Introduced by _____

Passed by the Board _____

A Resolution authorizing the acquisition and construction of public sewerage collection and transmission facilities for the Tennerton Public Service District (herein the "PSD") and the financing of the cost not otherwise provided, thereof, through the issuance by the PSD of not more than $402,000 in aggregate principal amount of Tennerton Public Service District Sewer Revenue Bonds, Series 1986 A, not more than $198,000 in aggregate principal amount of Tennerton Public Service District Sewer Revenue Bonds, Series 1986 B and not more than $1,100,000 in aggregate principal amount of Tennerton Public Service District Sewerage System Grant Anticipation Notes, Series 1986; authorizing the PSD to enter into an agreement with a banking institution for the extension of credit to borrow not more than $500,000 outstanding at any one time to defray certain costs attendant to the Project (herein defined) providing for the rights and remedies of and security for the registered owners of such Bonds and Notes; authorizing execution and delivery of a trust indenture securing the Notes; authorizing the sale and providing for the terms and provisions of such Bonds and Notes and adopting other provisions relating thereto.

Be It Resolved by the Board of the Public Service Board of the Tennerton Public Service District, West Virginia:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. The following terms shall have the following meanings in this Resolution unless the context expressly required otherwise:

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

B. "Authority" means the West Virginia Water Development Authority, or any other agency of the State of West

Virginia that succeeds to the functions of the Authority, which shall be the original purchaser of the Tennerton Public Service District's Sewer Revenue Bonds, Series 1986 originally authorized hereby; provided, however, that the Tennerton Public Service District must satisfy the legal and other requirements of the Program, as hereinafter defined.

C. "Authorized Officer" means the Chairman of the Tennerton Public Service District or any other officer of said Board specifically designated by resolution of the Board of the Public Service District.

D. "Board" means the Public Service Board of Tennerton Public Service District or any other governing body of the PSD that succeeds to the functions of the Board.

E. "Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01(4) hereof.

F. "Bonds" means the Original Bonds, as hereinafter defined, authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

G. "Bondholder" or "Holder of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond or Bonds.

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

I. "Chairman" means the Chairman of the Public Service Board of the PSD.

J. "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.

K. "Consulting Engineers" means Kelley, Gidley, Blair & Wolfe, Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems or facilities that shall at any time hereafter be retained by the PSD as consulting engineers for the System, as hereinafter defined.

L. "Costs" or "Costs of the Project" means those costs described in Subsection 1.03(E) hereof to be a part of the costs of construction and acquisition of the Project.

M. "County" means Upshur County, West Virginia.

N. "Depository Bank" means the bank, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, and any successor thereto, as designated in the Supplemental Resolution.

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

P. "EPA" means the United States Environmental Protection Agency or any successor to the functions of the EPA.

Q. "EPA Grant" or "Grant" means the grant from the EPA pursuant to the commitment therefor.

R. "Event of Default" means any occurrence or event specified in Section 9.01.

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

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

U. "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.

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

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

X. "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 VIII hereof) or any fee or charge established, levied and collected by the PSD from persons at the time of, and for the privilege of, making service connections to the System, as hereinafter defined, and for the furnishing by the PSD of miscellaneous service.

Y. "Independent Certified Public Accountants" means the certified public account or firm of certified public accounts that shall at any time hereafter be retained by the PSD to prepare an independent annual or special audit of the accounts of the System, as hereinafter defined, or for any other purpose except keeping the accounts of such System in the normal operation of its business and affairs.

Z. "Indenture" or "Trust Indenture" means the Trust Indenture between the PSD and the Trustee relating to the Notes, as hereinafter defined, and all supplements or amendments thereto.

AA. "Line of Credit" means the agreement made by and between the PSD and a banking institution authorized to conduct banking business in the State of West Virginia whereby the banking institution agrees to extend to the PSD from time to time credit to borrow not more than $500,000 outstanding at any one time to defray the construction costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

BB. "Loan Agreement" means the loan agreement to be entered into between the PSD and the Authority, pursuant to which the Authority shall agree, subject to the PSD's satisfying certain legal and other requirements, to purchase the Bonds originally authorized hereby with a portion of the proceeds of the Authority's bonds issued with respect to the Program, as hereinafter defined.

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

DD. "Noteholder", "Holder of the Notes", or "Holder of the GANs" or any similar term means any person who shall be the registered owner of any outstanding Note or Notes as hereinafter defined.

EE. "Notes" or "GAN" means the not more than $1,100,000 in aggregate principal amount of Sewerage System

Grant Anticipation Notes, Series 1986, originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the PSD.

FF. "Notes Capitalized Interest Account" means the Notes Capitalized Interest Account within the Notes Debt Service Fund established by Subsection 4.01(2)(a) of the Indenture.

GG. "Notes Construction Trust Fund" means the Notes Construction Trust Fund established by Section 4.01(1) of the Indenture.

HH. "Notes Cost of Issuance Account" means the Notes Cost of Issuance Account within the Notes Construction Trust Fund established by Subsection 4.01(1)(a) of the Indenture.

II. "Notes Debt Service Fund" means the Notes Debt Service Fund established by Subsection 4.01(2) of the Indenture.

JJ. "Note Registrar" means the bank to be designated as such in the Supplemental Resolution and its successors and assigns.

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

LL. "Operation and Maintenance Fund" means the Operation and Maintenance Fund established by Section 5.01(2) hereof.

MM. "Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean the not more than $600,000 in

total aggregate principal amount of Sewer Revenue Bonds, Series 1986 A and B, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto, which Bonds shall be issued in one or more series as determined by a resolution or resolutions supplemental hereto and which are originally authorized hereby. The 1986 Series A Bonds shall not exceed more than $402,000 in aggregate principal amount and the 1986 Series B Bonds shall not exceed more than $198,000 in aggregate principal amount.

NN. "Original Notes Purchaser" means collectively, Young, Moore & Company of Charleston, West Virginia and Russell, Rea & Zappala, Inc. of Pittsburgh, Pennsylvania, as the original purchaser of the Notes.

OO. "Other Grants" means any other grant or grants, other than the EPA Grant, from whatever source, received by the PSD to aid in financing the costs of the Project.

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

QQ. "Paying Agent" means the bank or banks designated as such for the Bonds and/or the Notes in the Supplemental Resolution.

RR. "Program" means the Authority's loan program, under which the Authority purchases the revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority or any successor to said Program as currently constituted.

SS. "Project" means the acquisition and construction of a sewerage collection and transmission system of the PSD, to be designed by the Consulting Engineers and to be constructed

in accordance with the plans and specifications so designed, subject to the provisions of Section 2.01 hereof.

TT. "PSC" means the Public Service Commission of West Virginia or any other agency of the State that succeeds to the functions of the PSC.

UU. "PSD" means the Tennerton Public Service District, a public corporation of the State of West Virginia, and where appropriate the Public Service Board thereof.

VV. "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; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; Tennessee Valley Authority; Washington Metropolitan Area Transit Authority; or the Government national Mortgage Association;

(d) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are 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 such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing 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 paid 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; and

(h) The Investment Agreement by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution.

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

XX. "Registrar" means as appropriate, either the Bond Registrar or the Note Registrar or both.

YY. "Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

ZZ. "Reserve Account" means the Tennerton Public Service District Sewer Revenue Bonds, Series 1986 Reserve Account established in the Sinking Fund, as hereinafter defined, by Section 5.02(1)(a).

AAA. "Reserve Requirement" means as of any date of calculation the maximum amount of principal and interest which will become due on the Bonds in any succeeding Fiscal Year.

BBB. "Resolution" means this Resolution, as hereafter amended or supplemented.

CCC. "Revenue Fund" means the Tennerton Public Service District Sewer Revenue Bonds, Series 1986 Revenue Fund, to be created pursuant to Section 5.01(1).

DDD. "Secretary" means the Secretary of the Tennerton Public Service District.

EEE. "Series 1986 A Bonds" means the not more than $402,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the PSD.

FFF. "Series 1986 A Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

GGG. "Series 1986 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1986 A Bonds in any succeeding Fiscal Year.

HHH. "Series 1986 A Bonds Sinking Fund" means the Series 1986 A Sinking Fund established by Section 5.02 hereof.

III. "Series 1986 B Bonds" means the not more than $198,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 B, of the PSD.

JJJ. "Series 1986 B Bonds Reserve Account" means the Series 1986 B Bonds Reserve Account established in the Series 1986 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

KKK. "Series 1986 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1986 B Bonds in any succeeding Fiscal Year.

LLL. "Series 1986 B Bonds Sinking Fund" means the Series 1986 B Sinking Fund established by Section 5.02 hereof.

MMM. "Sinking Fund" means the Tennerton Public Service District Sewer Revenue Bonds, Series 1986 Sinking Fund established by Section 5.02(1).

NNN. "State" means the State of West Virginia.

OOO. "Supplemental Resolution" means any resolution of the Board amending or supplementing this Resolution and, when preceded by the article "the", refers specifically to the Supplemental Resolution authorizing the sale of the Notes and the Supplemental Resolution authorizing the sale of the Original Bonds, and the Supplemental Resolution authorizing the Line of Credit and the extension of the credit to the PSD thereunder, as the case may be; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Notes, Original Bonds, or the Line of Credit, as the case may be, and not so included may be included in another Supplemental Resolution.

PPP. "Surplus Revenues" means the Net Revenues not required by the Resolution to be set aside and held for the payment of or security for the Bonds or any other obligation of the PSD, including the Renewal and Replacement Fund and the Reserve Account, the proceeds of such Bonds or other obligations which are used to pay costs of the Project.

QQQ. "System" means the complete properties of the PSD for the collection, transportation and transmission for treatment of liquid or solid wastes, sewerage or industrial wastes, in its entirety or any integral part thereof, and shall include the Project, and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

SSS. "Trustee" means the banking institution designated as trustee under the Indenture in the Supplemental Resolution and its successors and assigns.

TTT. Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

UUU. Words importing singular number include the plural number in each case and vice versa; words importing the masculine or neuter gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

VVV. The terms "herein", "hereunder", "hereby, "hereto", "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of enactment of this Resolution.

WWW. Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority of this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The PSD desires to acquire, construct and operate a public sewerage collection and transmission system consisting of some or all of collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, and ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection and transmission to a sewage treatment facility of sewage and industrial wastes in a sanitary manner.

B. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the PSD that the Project be acquired and constructed at an estimated cost of $2,463,635, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the office of the Clerk of the County Commission of Upshur County, and the office of the PSD.

C. It is deemed necessary for the PSD to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $600,000 in two series, being the Series 1986 A Bonds in the aggregate principal of not more than $402,000 and the Series 1986 B Bonds in the aggregate principal amount of not more than $198,000 (collectively, the Bonds) and contemporaneously therewith, or as soon as practicable thereafter, to issue its Sewerage System Grant Anticipation Notes, Series 1986 in the principal amount of not more than $1,100,000 to finance costs of construction and acquisition of the Project. Additionally, it is deemed necessary to authorize the PSD to enter into an agreement with a banking institution for the extension of credit to the PSD in an amount not to exceed $500,000 at any one time to defray certain costs attendant to the Project. All of said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes, Bonds, and Line of Credit prior to and during construction or acquisition and for six months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any

thereof, including, with respect to the Notes, any commitment fees to a bank or banks for the issuance of letters of credit, and any costs of obtaining insurance thereon; provided, that reimbursement to the PSD for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the PSD for such purposes, shall be deemed Costs of the Project.

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

E. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient to provide for the costs of the operation and maintenance of said system, the principal of and interest on the Original Bonds and all Sinking Fund, Reserve Account, Renewal and Replacement Fund and other payments provided for herein.

F. It is in the best interests of the PSD that its Original Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement to be entered into between the PSD and the Authority, in form satisfactory to the PSD and the Authority.

G. There are not outstanding any obligations of the PSD which will rank prior to or on a parity with the Bonds and the Notes as to lien and source of and security for payment.

H. The PSD has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, the Notes and the Line of Credit, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the GANs and the Bonds authorized to be issued hereunder by those who shall respectively hold the same from time to time, as well as the acceptance of the Line of Credit by the banking institution extending such credit to the PSD, this Resolution shall be deemed to be and shall constitute a contract between the PSD and such Noteholders or Bondholders or banking institution, and the covenants and agreements herein set forth to be performed by the PSD shall be for the equal benefit, protection and security of the legal Holders of any and all of such Notes or Bonds or banking institution as the case may be.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers and filed with the office of the Clerk of the County Commission of Upshur County, West Virginia and the office of the PSD.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS: AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purpose of paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, and for such other purposes as may be set forth in Supplemental Resolutions, there shall be issued negotiable Original Bonds of the PSD, in a total aggregate principal amount of not more than $600,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than $402,000 and "Sewer Revenue Bonds, Series 1986 B," in the aggregate amount of $198,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes. The proceeds of the Bonds (excluding accrued interest) remaining after capitalization of interest, if any, and payment of the costs of issuance thereof and related costs shall be deposited in the Bond Construction Trust Fund established by Section 5.01(4) hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest from the original date of delivery to the payee thereof at such rate or rates, not exceeding 13% per annum, or such other rate as shall then be the legal maximum, payable semi-annually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, but only with the express written consent of the West Virginia Water Development Authority, all as the PSD shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Commission, through a Paying Agent or Paying Agents selected by the original purchaser or purchasers thereof, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of

public or private debts under the laws of the United States of America. Interest on the Bonds, shall be paid by check or draft mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each Series, both fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of the Original Bond issue and both shall mature in principal installments, all as provided in the Supplemental Resolution. Said Original Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, 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 may be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication on such Bond, substantially in the form set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication upon any such Bond shall

be conclusive evidence that such Bond has been authenticated and registered, and delivered under this Resolution. The Certificate of Authentication on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication on all of the Bonds issued hereunder.

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

So long as any of the Bonds remain outstanding, the PSD, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer or Bonds, the Bond Registrar may make a change 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 PSD. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the fifteen (15) days preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the PSD may, in the discretion of the Board, issue, and the Registrar shall, if so advised by the PSD, authenticate, and deliver, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, or 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 Bondholder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the PSD or the Registrar may prescribe and paying such expenses as the PSD or the Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the PSD. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond the PSD 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 PSD. The Bonds shall not, in any event, be or constitute an indebtedness of the PSD or County within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the PSD or County to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds. The payment of the debt service of all the Series 1986 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1986 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1986 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Fund, and the Reserve Account therein, hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Series 1986 A Bonds and the Series 1986 B Bonds,

respectively, shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TENNERTON PUBLIC SERVICE DISTRICT, UPSHUR COUNTY
SEWER REVENUE BONDS, SERIES 1986 A

No. R-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the Tennerton Public Service District, a public corporation and a political subdivision of the State of West Virginia in Upshur County of said State, (the "PSD"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee") the sum of _____ ($_____), in installments on _____ 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 final maturity of this Bond on the 1st day of _____, _____ 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 Payee and payment therefor and until payment of such installment, and such interest shall be payable on the 1st day of _____, and the 1st day of _____ in each year beginning _____ 1, 19___. The principal of this Bond is payable in any coin or currency which, on the respective dates of payment of principal, 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, through _____, as registrar and paying agent (the "Registrar"). The interest on this Bond is payable by check or draft mailed to the

registered owner hereof at the address as it appears on the books of the Registrar on the ____ day of the month preceding an interest payment date.

[REDEMPTION PROVISIONS]

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the West Virginia Water Development Authority.

This Bond is issued (i) to pay costs of acquisition and construction of sewerage collection, transportation and transmission facilities of the PSD and the financing of the cost not otherwise provided, thereof (the "Project") (the Project, together with any improvements and extensions thereto, is hereinafter referred to as the "System") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and the Resolution duly adopted by the PSD on the _____ day of _____, 1986, as supplemented on _____, 19___, (collectively the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the PSD (the "Series 1986 B Bonds") issued in the aggregate principal amount of $198,000, which Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this series.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System, moneys in the Reserve Account created under the Resolution for the Bonds of this Series (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This

Bond does not constitute a corporate indebtedness of the PSD or County within the meaning of any constitutional or statutory provisions or limitations, nor shall the PSD or County be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the PSD has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair, replacements and maintenance of the System, and to leave a balance of each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations payable from such revenues, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Series 1986 A Bonds in any succeeding fiscal year, such percentage may be reduced to 110%. The PSD has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Resolution, only upon the books of the Bond Registrar, kept for that purpose at the office of the Bond Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

This Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

This Bond and the interest thereof is exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

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

All provisions of the Resolution and statues 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, the TENNERTON PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereto affixed or imprinted hereon and attested by its Secretary, and has caused this Bond to be dated _____, 1986.

TENNERTON PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Its: Chairman

ATTEST:

By: _____
Its: Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth below:

Dated: _____ _____,
as Bond Registrar

By: _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____ the Sewer Revenue Bond, Series 1986 A, dated _____ of the Tennerton Public Service District, 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 Public Service District with full power of substitution in the premises.

Dated: _____, _____

_____

In the presence of:

_____

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TENNERTON PUBLIC SERVICE DISTRICT, UPSHUR COUNTY
SEWER REVENUE BONDS, SERIES 1986 B

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the Tennerton Public Service District, a public corporation and a political subdivision of the State of West Virginia in Upshur County of said State, (the "PSD"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee") the sum of _____ ($_____), in _____ equal installments of $_____ each, on _____ 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 a final maturity on this Bond on the 1st day of _____, _____, all with no interest thereon.

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, through _____ _____, as registrar and paying agent (the "Registrar").

This Bond may be redeemed prior to its stated date of maturity in whole or in part of any time, but only with the express written consent of West Virginia Water Development Authority.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of sewerage collection, transportation and transmission facilities of the PSD and the financing of the cost not otherwise provided, thereof (the "Project") (the Project, together with any improvements and extensions thereto, is hereinafter referred to as the "System") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of

West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and the Resolution duly enacted by the PSD on the _____ day of _____, 1986, as supplemented on _____, 19___, (collectively the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Resolution for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the PSD or County within the meaning of any constitutional or statutory provisions or limitations, nor shall the PSD or County be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Resolution, the PSD has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair, replacements and maintenance of the System, and to leave a balance of each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations payable from such revenues, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series A Bonds sufficient moneys to pay the maximum amount of principal and interest which will become due on all obligations payable from such net revenues which may be issued in any succeeding fiscal year, such percentage may be reduced to 110%. The PSD has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Resolution, only upon the books of the Bond Registrar, kept for that purpose at the office of the Bond Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

This Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

This Bond and the interest thereon is exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE PSD, ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE RESOLUTION (THE "SERIES 1986 A BONDS").

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

All provisions of the Resolution and statues 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, the TENNERTON PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereto affixed or imprinted hereon and

attested by its Secretary, and has caused this Bond to be dated _____, 1986.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the registered owner set forth below:

Dated: _____

_____,
as Bond Registrar

By: _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____ the Sewer Revenue Bond, Series 1986 B, dated _____ of the Tennerton Public Service District, West Virginia 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 Public Service District with full power of substitution in the premises.

Dated: _____, _____

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement and the Program. The Chairman is specifically authorized and directed to execute the Loan Agreement in such form as may be approved by Supplemental Resolution, and the Secretary is directed to affix the seal of the PSD, attest the same and deliver the Loan Agreement to the Authority.

ARTICLE IV

NOTES AND LINE OF CREDIT

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the PSD shall issue and sell its Notes in the aggregate principal amount of not to exceed $1,100,000. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and the Supplemental Resolution.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture (which Indenture in substantially the form to be executed and delivered by the PSD is attached hereto as "Exhibit A" and made a part hereof).

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the PSD payable as to principal and interest solely from the respective sources described in the Granting Clauses and Article III of the Indenture. The Notes do not and shall not constitute a corporate indebtedness of the PSD or County within the meaning of any constitutional or statutory provisions or limitations. The general funds of the PSD or County are not liable, and neither the full faith and credit nor the taxing power of the PSD or County is pledged for the payment of the Notes. The Noteholders shall never have the right to compel the forfeiture of any property of the PSD or County. The Notes shall not be a debt of the PSD or County, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the PSD or County or upon any of its income, receipts or revenues except as set forth in the Indenture.

Section 4.04. Letters of Credit. As additional security for the Notes, the PSD may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $500,000 in the aggregate. In the event of a draw under any such letter of credit, the PSD shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

Section 4.05. Authorization and General Terms of the Line of Credit. In order to pay certain Costs of the Project pending receipt of the Grant Receipts the PSD may enter into an agreement with a banking institution for the extension of credit not to exceed $500,000 in principal amount outstanding at any one time during the period of construction of the Project. The Line of Credit shall bear interest from the date, at such rate, payable on such date, shall mature on such date and be subject to such repayment as shall be provided for in the Supplemental Resolution. Provided, however, the rate of interest on the Line of Credit shall not exceed 12% per annum.

Section 4.06. Line of Credit as Special Obligation. The Line of Credit provided for and authorized in Section 4.05 above shall be a special obligation of the PSD payable as to principal and interest solely from the respective sources described in the Granting Clauses and Article III of the Indenture. Borrowing under the Line of Credit does not and shall not constitute corporate indebtedness of the PSD or County within the meaning of any constitutional or statutory provisions or limitations. The general funds of the PSD or County are not liable and neither the full faith and credit nor taxing power of the PSD or County is pledged for the payment of the Line of Credit. The banking institution extending credit under the Line of Credit shall never have the right to compel the forfeiture of any property of the PSD or County. The Line of Credit shall not be a debt of the PSD or County, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the PSD or County or upon any of their income, receipts or revenues other than as herein provided.

ARTICLE V

SECURITY OF BONDS

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank.:

(1) Revenue Fund;

(2) Operation and Maintenance Fund;

(3) Renewal and Replacement Fund; and

(4) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1986 A Bonds Sinking Fund;

(a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.

(2) Series 1986 B Bonds Sinking Fund;

(a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

(1) The PSD shall first, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the PSD shall next, on the first day of each month, commencing seven (7) months prior to the first day of payment of interest on the Series 1986 A Bonds from Net Revenues, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to one-sixth (1/6) of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing semi-annual interest payment date, less any investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the

event the period to elapse between the date of such initial deposit in the Series 1986 A Sinking Fund and the next semi-annual interest payment date is less than seven (7) months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semi-annual interest payment date, the required amount of interest coming due on such date.

(3) The PSD shall also, on the first date of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 A Bonds.

(4) The PSD shall also, on the first day of each month, commencing thirteen (13) months prior to the first day of payment of principal of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to one one-hundred and twentieth (1/120) of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 A Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1986 A Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account in the Series 1986 A Bonds Sinking Fund shall be used only for the purpose of paying principal of or interest on the Series 1986 A Bonds, as the same shall come due, when other moneys in the Series 1986 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 A Bonds Reserve Account shall be transferred, not less than once each year, to the Series 1986 A Bonds Sinking Fund and applied in full to the next ensuing principal payment due on the Series 1986 A Bonds.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the

Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund for payment of debt service on the Series 1986 A Bonds have been made in full.

(5) The PSD shall not be required to make any further payments into the Series 1986 A Bonds Sinking Fund or into the Series 1986 B Sinking Fund or into the Reserve Accounts in said Sinking Funds when the aggregate amount of funds in both said Sinking Funds and said Reserve Accounts are at least equal to the aggregate principal amount of Bonds issued pursuant to this Resolution then Outstanding; plus the amount of interest due or thereafter to become due as of the next annual payment date on said Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1986 A Bonds are issued, provision shall be made for additional payments in said Series 1986 A Bonds Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1986 A Bonds Reserve Account in said Series 1986 A Bonds Sinking Fund in an amount equal to the maximum provided and required to be paid into the Series 1986 A Bonds Sinking Fund in any Fiscal Year for account of all the Series 1986 A Bonds, including such additional Bonds which by their terms are payable from said Series 1986 A Bonds Sinking Fund.

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

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

Moneys in the respective Reserve Accounts shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The respective Sinking Funds, including the respective Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series

1986 A and Series 1986 B Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

(6) Thereafter, from the moneys remaining in the Revenue Fund, the PSD shall next, on the first day of each month, commencing with the month next succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to two and one-half percent (2 1/2%) of the Gross Revenues each month, exclusive of any payments for account of the Reserve Accounts in the Sinking Funds hereunder. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the PSD or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiency in either Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.01(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(7) The PSD shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any moneys transferred from he Series 1986 B Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 B Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 B Bonds.

(8) The PSD shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Bonds, apportion and set apart out of the Revenue Bond and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of the Series 1986 B Bonds as the same shall become due. Moneys in the Series 1986 B Bonds Reserve Account in the Series 1986 B Bonds Sinking Fund shall be used only for the purpose of paying principal of the Series 1986 B Bonds, as the same shall come due, when other moneys in the Series 1986 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 B Bonds Reserve Account shall be transferred, not less than once each year, to the Series 1986 B Bonds Sinking Fund and applied in full to the next ensuing principal payment due on the Series 1986 B Bonds.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A and Series 1986 B Bonds Sinking Funds for payment of debt service on the Bonds have been made in full.

As and when additional Bonds ranking on a parity with the Series 1986 B Bonds are issued, provision shall be made for additional payments into the Series 1986 B Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1986 B Reserve Account in an amount equal to the maximum provided and required to be paid into the Series 1986 B Sinking Fund in any Fiscal Year for account of all the Series 1986 B Bonds, including such additional Series 1986 B Bonds which by their terms are payable from such Sinking Fund.

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

B. Whenever all of the required and provided transfers and payments from the respective Revenue Funds into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Funds a balance in excess of the estimated amounts required to be so transferred and paid into the respective Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues

may be used for any lawful purpose of the PSD, including a pledge to and payment of GANS.

C. The PSD shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

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

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

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Bond Proceeds. From the moneys received from the sale of any or all of the Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. Any accrued interest received from the sale shall be deposited in the Sinking Fund and applied to the first interest payment due on the Bonds.

B. The amount of the proceeds which together with the proceeds deposited pursuant to Subsection (A) of this section and together with the earnings thereon, shall be at least sufficient to pay interest on the Bonds for the period specified in the Supplemental Resolution shall be deposited in the Sinking Fund; provided, that such period may not extend

beyond the date which is six (6) months after the estimated date of completion of construction of the Project.

C. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project.

D. The Depository Bank shall act as a trustee and fiduciary for the Holder or Holders of the Bonds 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 Indenture. Moneys in the Bond Construction Trust Fund shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Bonds and are subject to a lien in favor of the Holder or Holders until such proceeds are applied to the construction of the Project, which shall include the repayment of any incidental interim financing for non-construction costs.

ARTICLE VII

ADDITIONAL COVENANTS OF THE PSD

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

Until the payment in full of the principal of and interest on the Notes when due, the covenants, agreements and provisions contained in this Resolution shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the PSD, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02 Bonds, Notes and Line of Credit Not To Be Indebtedness of the PSD. Neither the Bonds, the Notes nor the Line of Credit shall be or constitute a corporate

indebtedness of the PSD or County within the meaning of any constitutional, statutory or charter provision or limitation of indebtedness, but shall be payable solely from the special funds pledged for such payment by this Resolution. No Holder or Holders of any Bonds, Notes or any banking institution extending credit under the Line of Credit herein provided, shall ever have the right to compel the exercise of the taxing power of the PSD or County to pay said Bonds, Notes, or Line of Credit or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1986 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, and payment of the debt service of the Series 1986 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Series 1986 A Bonds, to the extent necessary to make the payments required under Section 5.03 of this Resolution. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 1986 A Bonds and Series 1986 B Bonds and to make the payments into the respective Sinking Funds, including the respective Reserve Accounts therein, and all other payments provided for in this Resolution are hereby irrevocably pledged, in the manner provided in therein, to the payment of the principal of and interest on the Series 1986 A Bonds and the Series 1986 B Bonds as the same become due, and for the purposes provided in this Resolution.

Section 7.04. Initial Schedule of Rates and Charges; Rules. The initial schedule of rates and charges for the services and facilities of the System shall be set forth in the ordinance of the PSD dated _____, 1986.

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Notes, if any, Outstanding or any remaining balance of the Line of Credit, or to effectively defease this Resolution in accordance with Section 10.01 hereof and, if not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Fund, and, in the event the Authority is no longer a Bondholder, the PSD shall direct the Commission to apply such proceeds to the payment of principal at maturity of and

interest on the Bonds about to mature. Any balance remaining after the payment of the Series 1986 A and B Bonds and all interest thereon shall be remitted to the PSD by the Commission unless necessary for the payment of other obligations of the PSD payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay in full the Notes shall be remitted to the Trustee for deposit in the Notes Debt Service Fund, to apply to the payment of the Notes, prior to maturity if allowable under the Supplemental Resolution. With respect to the Line of Credit, such proceeds in an amount sufficient to pay in fill the Line of Credit then Outstanding shall be remitted to the banking institution extending credit to the PSD thereunder.

The foregoing provision notwithstanding, the PSD 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 for such properties, is not in excess of $10,000, the PSD shall, by resolution, determine that such property comprising a part of the System is longer necessary, useful or profitable in the operation thereof and may then provide for the same 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 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 PSD 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 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 be remitted by the PSD to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of these last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds in the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease, or other disposition of the properties of the System shall be made by

the PSD if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The PSD shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The PSD shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and this Resolution; and, so long as any of the Bonds are Outstanding, the PSD shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the PSD after the issuance of the Series 1986 A Bonds and the Series 1986 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1986 A Bonds and the Series 1986 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current. Provided, however, the foregoing shall not preclude the PSD from entering into the Line of Credit Agreement for the purpose of providing funds for the acquisition and construction of the Project. In this respect, the PSD may provide for a lien equal in rank to the foregoing lien during the period of construction. Provided, further, however, such lien in favor of the banking institution extending credit under the Line of Credit shall, be subordinated to the lien in favor of the Holders of the Bonds, unless the Authority shall otherwise direct.

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

Section 7.07. Additional Parity Bonds. No additional parity Bonds, as in this section defined, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

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

No such additional 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 twelve (12) consecutive months, within the eighteen (18) months immediately preceding the date of the actual issuance of such additional parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional parity Bonds, shall not be less than one hundred and fifteen percent (115%) of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(A) The Bonds then Outstanding;

(B) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(C) The additional parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of three (3) succeeding year", 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 additional parity Bonds and (b) any increase in rates enacted by the PSD, the period for appeal of which has expired prior to the date of delivery of such additional 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 additional parity Bonds.

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

Not later than simultaneously with the delivery of such additional parity Bonds, the PSD shall have entered into written contracts for the immediately construction or acquisition of such additions, betterments or improvements, if any, to the system that are to be financed by such additional parity Bonds.

The term "Additional Parity Bonds", as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the revenues of the System on a parity with the Series 1986 B Bonds, and all the covenants and other provisions of this Resolution (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Additional Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond over any other. The PSD shall comply

fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

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

Additional Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued the lien of which on the revenues of the System is subject to the prior and superior lien of both the Series 1986 A Bonds and the Series 1986 B Bonds on such revenues. The PSD shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with either the Series 1986 A Bonds or the Series 1986 B Bonds.

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

Notwithstanding the foregoing, Additional Parity Bonds may be issued solely for the purpose of completing the Project without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the PSD the written consent of the Authority to the issuance of such Additional Parity Bonds.

Section 7.08. Books and Records. The PSD will keep books and records of the System, which shall be separate and apart from and other books, records and accounts of the PSD, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Resolution or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the PSD 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 PSD. 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 Board. The Board 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 Board shall be reported to such agent of the PSD as the Board shall direct.

The PSD shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Resolution and the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

C. The amount of any Bonds, Notes or other obligations outstanding.

The PSD 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 made available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or the then Holder of the Bonds.

Section 7.09. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will

be sufficient for such purposes. The PSD shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchasers thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the PSD hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all proper and reasonable expenses of operation, repair, replacement and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least one hundred and fifteen percent (115%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account, such balance each Fiscal Year need only equal at least one hundred and ten percent (110%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

Section 7.10. Operating Budget and Audit. The PSD shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which funding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the PSD shall have approved such findings and recommendation by a resolution duly adopted. No increase expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The PSD shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall request in writing that copies of all such budgets and resolutions be furnished him or her and shall made available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all

reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and on behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the PSD 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 PSD is in compliance with the terms and provisions of this Resolution and the Loan Agreement.

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

Section 7.12. Enforcement of Collections. The PSD will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the PSD, 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 thirty (30) days after the same shall become due and payable, the property and owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, shall become a lien on the premises served by the System. The PSD further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the water system, if then owned by the PSD, to all delinquent users of services and facilities of the System and will not restore such services of either system until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of services, has been fully paid.

Section 7.13. No Free Services. The PSD 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; in the event the PSD, or any department, agency, instrumentality officer or employee or the PSD 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 PSD and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. The PSD hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the PSD will, to the extent the same is available, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the PSD 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 PSD 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 PSD during construction of the Project in the full insurable value thereof.

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

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR: AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of one hundred percent (100%) of the construction contract and to be required of each contractor contracting directly with the PSD, 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 Chapter 38, Article 2, Section 39 of the West Virginia Code of, 1931, as amended.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the PSD and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a thirty (30) day notice of the availability of the System, pay the rates and charges established therefor.

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

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

Section 7.17. Rebate to the United States. In the event that H. R. 3838 (The Tax Reform Act of 1985) or similar legislation becomes law and is applicable to the Bonds or Notes

or both, the PSD agrees to pay to the United States an amount equal to the sum of the excess of (a) the aggregate amount earned on all nonpurpose investments (other than investments attributable to such excess) over (b) the amount which would have been earned if all nonpurpose investments was invested at a rate equal to the yield on such Bonds or Notes, plus any income attributable to such excess. The amount to be paid to the United States by the PSD shall be paid at such time and place as required by the Act or similar legislation in installments at least once every five years commencing on the fifth anniversary date of the issuance of the Bonds. The last installment shall be paid not later than 30 days after the day on which the last Bond of Note is redeemed or paid.

Section 7.18. Compliance with Tax Laws. On December 17, 1985 The House of Representative passed the Tax Reform Act of 1985 (H. R. 3838). The Senate has yet to act on this legislation. However, the PSD agrees that if H. R. 3838 or similar legislation becomes law and such law is applicable to the Bonds or Notes, this Resolution shall be amended in order to comply with such legislation and in order to maintain the tax exempt status of the Bonds or Notes. In particular, without excluding reference to any other portion of H. R. 3838 that may become law, the PSD hereby covenants that it will expend 5% of the bond proceeds within thirty (30) days of closing on the Bonds.

Section 7.19 Restrictions as to Arbitrage Bonds. The PSD hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the PSD to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code, and an Authorized Officer of the PSD shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds. Further, prior to the time that the City receives an opinion from Bond Counsel that the provisions of H. R. 3838 or any similar legislation is not applicable to the Bonds or Notes, the PSD covenants that other than for a temporary period, the yield on the Bond proceeds shall not exceed the yield on the Bonds by more than .125 on and after such date, which is the date that the Consulting Engineer certifies to the PSD, Bond Counsel and the Authority that the Project is 90% complete.

ARTICLE VIII

INVESTMENT OF FUNDS

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

Except as provided in the Indenture, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount. The Commission, the Trustee, or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee or the Depository Bank, 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.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds or Notes, as the case may be.

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bonds or Notes, as the case may be;

(B) If default occurs in the PSD's observance of any of the covenants, agreements or conditions on its part relating to the Bonds, Notes or Line of Credit set forth in this Resolution, and Supplemental Resolution, the Indenture or in the Bonds, Notes or Line of Credit, and such default shall have continued for a period of 30 days after the PSD shall have been given written notice of such default by the Trustee, the Depository Bank holding any fund or account hereunder the Holder of a Bond or Note or the banking institution extending credit to the PSD under the Line of Credit;

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

An "Event of Default" with respect to the Bonds shall not constitute an Event of Default with respect to the Notes and Line of Credit, and vice versa.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond or banking institution extending credit under the Line of Credit, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the PSD to perform its duties under the Act and this Resolution relating thereto, including but not limited to the making and collection of sufficient rates of charges for services rendered by the System (iii) bring suit upon the Notes, Bonds or Line of Credit, as the case may be, (iv) by action at law or bill in equity require the PSD to account as if it were the trustee of an express trust for the Registered Owners of the Notes, Bonds or Line of Credit, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Resolution with respect to the Notes, Bonds or Line of Credit, or the rights of such Registered Owners.

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 PSD under this Resolution and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner shall, in addition to all other remedies or

rights, have the right to appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the PSD 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 deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his 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 PSD exercise all the rights and powers of the PSD respect to said facilities as the PSD itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution for Reserve Account, Sinking Fund or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the PSD upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner 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 PSD and for the joint protection and benefit of the PSD and Registered Owners. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and

maintenance of the System for the sole purpose of the protection of both the PSD and Registered Owners and the curing and making good of any Event of Default with respect thereto under the provisions of this Resolution, and the title to and ownership of said System shall remain in the PSD, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, or otherwise dispose of any assets of the Systems.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1986 A Bonds. If the PSD pay or cause to be paid, or there shall be otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manners respectively stipulated therein and in this Resolution, then with respect to the Series 1986 A Bonds only the respective pledge of Net Revenues, and other moneys and securities pledged under this Resolution, and all covenants, agreements and other obligations of the PSD to the Registered Owners of the Series 1986 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds, for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Series 1986 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission, 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, its agent, at the same time, shall be sufficient, to pay when due the respective principal of and interest due and to become due on said Series 1986 A Bonds, on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the respective principal of and

interest on said Series 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, 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 respective principal of and interest to become due on said Bonds, on and prior to such maturity dates thereof, and interest earned from such investments shall be paid over to the PSD as received by the Commission, its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1986 B Bonds. If the PSD shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then with respect to the Series 1986 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the PSD to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due due on said Series 1986 B Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1986 B

Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Series 1986 B Bonds on and prior to the maturity dates thereon, and interest earned from such reinvestments shall be paid over the PSD as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the PSD shall pay or cause to be paid, or these shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the Notes only, this Resolution, the Indenture and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the PSD to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the PSD to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

Section 11.02. Resolution Constitutes Contract. The provisions of this Resolution shall constitute a contract between the PSD and the Registered Owners of the Bonds and Notes, and no change, variation or alteration of any kind of

the provisions of this Resolution shall be made in any manner, except as in this Resolution provided.

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

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

Section 11.05. Amendments to Maintain Tax Exemption. The PSD hereby covenants to make any amendment or supplements to this Resolution and to the Indenture authorized hereby to enable the Notes, Bonds and Line of Credit to be issued in such form as to render the interest thereon exempt from federal income taxation.

Section 11.06. Conflicting Provisions Repealed. All ordinances, orders or resolutions and/or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The PSD covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. Effective Time. This Resolution shall take effect after notice and public hearing hereon in accordance with the Act.

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Resolution, determined by the PSD to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publications, in a newspaper of general

circulation in the PSD together with a notice stating that this Resolution has been adopted and that the PSD contemplates the issuance of the Notes and Bonds, and the entering into the Line of Credit, and that any person interested may appear before the Board upon a date certain, not less than 10 days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Resolution is on file in the office of the PSD for review by interested parties during the office hours of the PSD.

At such hearing, all objections and suggestions shall be heard and the Board shall take such action as it shall deem proper in the premises.

Adopted this 5th day of ~~February~~ MARCH, 1986.

[SEAL]

John V. McGrew Jr.
Chairman

ATTEST:

William C. Thurman
Secretary

Certified a true copy of a Resolution duly adopted by the Public Service Board of the Tennerton Public Service District this 5th day of March, 1986.

[SEAL]

William C. Thurman
Secretary

RESOLUTION NO. 86-3

Resolution re: AMENDING AND SUPPLEMENTING A RESOLUTION ENTITLED "A RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE COLLECTION AND TRANSMISSION FACILITIES FOR THE TENNERTON PUBLIC SERVICE DISTRICT (HEREIN "PSD") AND THE FINANCING OF THE COST NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE PSD OF NOT MORE THAN $402,000 IN AGGREGATE PRINCIPAL AMOUNT OF TENNERTON PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN $198,000 IN AGGREGATE PRINCIPAL AMOUNT OF TENNERTON PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 1986 B AND NOT MORE THAN $1,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF TENNERTON PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM GRANT ANTICIPATION NOTES, SERIES 1986; AUTHORIZING THE PSD TO ENTER INTO AN AGREEMENT WITH A BANKING INSTITUTION FOR THE EXTENSION OF CREDIT TO BORROW NOT MORE THAN $100,000 OUTSTANDING AT ANY ONE TIME TO DEFRAY CERTAIN COSTS ATTENDANT TO THE PROJECT (HEREIN DEFINED) PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECTUION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO" PASSED BY THE PUBLIC SERVICE BOARD OF THE TENNERTON PUBLIC SERVICE DISTRICT, UPSHUR COUNTY, WEST VIRGINIA ON MARCH 5, 1986; AND IN THE

30 B

AFORE-MENTIONED RESOLUTION IT IS PROVIDED THAT THE MATURITY DATES, INTEREST RATE, INTEREST PAYMENT DATES ON THE BONDS, AS WELL AS THE AGGREGATE PRINCIPAL AMOUNT SHOULD BE ESTABLISHED BY SUPPLEMENTAL RESOLUTION: AND PROVIDING FOR CERTAIN AMENDMENTS TO SAID RESOLUTION; NAMING THE CENTRAL NATIONAL BANK, AS REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK: INSERTING CERTAIN INFORMATION IN BLANKS PROVIDED FOR IN SUCH RESOLUTION THE SAME TO BE PROVIDED BY THIS SUPPLEMENTAL RESOLUTION: APPROVING THE SCHEDULE OF ANNUAL DEBT SERVICE: APPROVING THE FORM OF THE LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT AND AUTHORIZING THE CHAIRMAN TO EXECUTE SUCH LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT: AMENDING THE DEFINITION OF QUALIFIED INVESTMENTS OF SAID RESOLUTION: AND APPROVING THE SALE OF SAID BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE AGGREGATE PRINCIPAL AMOUNT OF $511,183: AS WELL AS TO OTHER MATTERS RELATING TO THE BONDS BE HEREIN PROVIDED FOR:

WHEREAS, the Public Service Board (the "Governing Body") of the Tennerton Public Service District, Upshur County, West Virginia (the "District"), on March 5, 1986, passed a resolution entitled "A Resolution authorizing the acquisition and construction of public sewerage collection and transmission facilities for the Tennerton Public Service District (herein "PSD") and the financing of the cost not otherwise provided, thereof, through the issuance by the PSD of not more than

$402,000 in aggregate principal amount of Tennerton Public Service District Sewer Revenue Bonds, Series 1986 A, not more than $198,000 in aggregate principal amount of Tennerton Public Service District Sewer Revenue Bonds, Series 1986 B and not more than $1,100,000 in aggregate principal amount of Tennerton Public Service District Sewerage System Grant Anticipation Notes, Series 1986; authorizing the PSD to enter into an agreement with a banking institution for the extension of credit to borrow not more than $500,000 outstanding at any one time to defray certain costs attendant to the Project (herein defined) providing for the rights and remedies of and security for the registered owners of such Bonds and Notes; authorizing execution and delivery of a trust indenture securing the Notes; authorizing the sale and providing for the terms and provisions of such Bonds and Notes and adopting other provisions relating thereto" (the "Resolution"), all in accordance with the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), which Resolution became effective on March 5, 1986; and

WHEREAS, the Resolution provides for the inclusion of certain information such as the maturity dates, interest rate, interest payment dates and sale price of the Bonds which should be established by way of Supplemental Resolution thereto, as well as other matters relating to the Bonds be herein provided for; and

WHEREAS, the Bonds are proposed to be purchased by the West Virginia Water Development Authority (the "Original Purchaser"), pursuant to a Loan Agreement and Supplemental Loan Agreement both dated as of February 20, 1986; and

WHEREAS, it is the intention of Governing Body of the District that this Resolution is, and the same shall be treated as, the Supplemental Resolution relative to the issuance of the subject Bonds as so provided for in said Resolution; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted and that the Loan Agreement and Supplemental Loan Agreement be approved, that the price, the maturity date, the redemption provisions, the interest rate and the interest payment dates of the Bonds be fixed hereby in the manner stated herein, that the definition of Qualified Investments for the investment of the bond proceeds be amended to include Federal Funds and the West Virginia State Consolidated Investment Fund, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, Be It Resolved by the Governing Body of the Tennerton Public Service District, Upshur County, West Virginia:

APR 16 '97 13:36 WV.WATER DEVELOPMENT AUTHORITY P.5/14

1. The Central National Bank, Buckhannon, West Virginia, is hereby named and selected as the Bond Registrar, Paying Agent and Depository Bank, as such terms appear in the Resolution and The Central National Bank shall have and be entitled to the authority conferred on each term by said Resolution.

2. The District has authorized by the Resolution this Supplemental Resolution which is adopted, and pursuant hereto, there is authorized and ordered to be issued in the aggregate principal amount Five Hundred Eleven Thousand One Hundred Eighty Three Dollars ($511,183) of the District's Sewer R venue Bonds in the form of Series 1986 A Bonds in the aggregate principal amount of $341,300.00 and Series 1986 B Bonds in the aggregate principal amount of $169,883.00.

3. The Bonds shall be dated March 12, 1986, the same being the date of delivery to the Original Bond Purchaser and the Schedule of Annual Debt Service as attached hereto, is hereby approved and the same shall be inserted as Exhibit A on pages 22 and 29 of the Resolution and shall be appended to the Series 1986 A and B Bonds as Exhibit A thereto. The Series 1986 A Bonds will bear interest at the rate of 9.75 per annum, from the date of delivery payable semi-annually on April 1 and

October 1 of each year, commencing October 1, 1986, upon original issuance, with the final interest payment date and maturity on October 1, 2025, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority, its successors and/or assigns. The Series 1986 A Bonds shall be issued in the form of one bond in the denomination of $341,300.00. All other provisions relating to the Series 1986 A Bonds shall be as provided in the Resolution, and the Bond shall be in substantially the form provided in the Resolution.

The Series 1986 B Bonds will bear interest at the rate of 0% per annum, from the date of delivery, upon original issuance with principal payments to be made on the first day of October of each year, with the final principal payment date and maturity on October 1, 2025, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority, its successors and/or assigns. The Series 1986 B Bonds shall be issued in the form of one Bond in the denomination of $169,883.00. All other provisions relating to the Series 1986 B Bonds shall be as provided in the Resolution, and the Bond shall be in substantially the form provided in the Resolution.

4. The form of the Loan Agreement and the Supplemental Loan Agreement, both made by and between the District and the West Virginia Water Development Authority, and both being dated February 20, 1986, are hereby approved as to both form and content, a copy of each of which is hereby incorporated by reference.

5. The form of Bond as to the Series 1986 A and B Bonds shall be and the same are hereby amended to reflect that the Bonds are issued pursuant to the Resolution duly adopted by the District on the 5th day of March, 1986 as supplemented on March 6, 1986.

6 In Section 7.04 of the Resolution, the date of October 24, 1985 is inserted in the blank therein provided, the same being the effective date for such Rate Resolution.

7. The Chairman of the District is hereby authorized and directed to execute and deliver the Loan Agreement and Supplemental Loan Agreement made by and between the District and the West Virginia Water Development Authority; and the Chairman, the Secretary, and other officers and employees of the District are hereby authorized and directed to do all things necessary and proper to cause the Bonds to be issued and delivered to the West Virginia Water Development Authority, as

the Original Purchaser, and to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for.

8. Section 1.01 VV. of the Resolution is hereby amended and re-enacted to read as follows:

Section 1.01 VV. "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; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; Tennessee Valley Authority; Washington Metropolitan Area Transit Authority; or the Government national Mortgage Association;

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(d) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are 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 such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

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

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

(e) above, with banks or national banking associations which a e 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 paid repurchase agreements, and <u>provided further</u> 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; and

(h) The Investment Agreement by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution.

(i) Federal Funds for overnight and interim investments.

(j) West Virginia State Consolidated Investment Fund, which Fund is authorized to receive and invest monies from West Virginia municipal corporations and political subdivisions of the State of West Virginia such as public service districts

duly formed under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended.

9. The sale of the Series 1986 A and B Bonds in the aggregate principal amount of $511,183 to the West Virginia Water Development Authority, as Original Purchaser is hereby approved.

10. This Supplemental Resolution shall take effect immediately upon its adoption.

Motion by Raymond H. Sempeles, seconded by Robert Lodge to adopt this Resolution. Motion carried unanimously.

ADOPTED MARCH 6, 1986.

John V. McGraw Jr.
CHAIRMAN

William C. Thurman
SECRETARY

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

TENNERTON PUBLIC SERVICE DISTRICT

SERIES 1986 A BONDS

Period Ending 10/1	Coupon	Principal	Interest	Debt Service
1986	9.75%	0.00	18,394.65	18,394.65
1987	9.75%	0.00	33,276.75	33,276.75
1988	9.75%	998.00	33,276.75	34,274.75
1989	9.75%	1,097.00	33,179.45	34,276.45
1990	9.75%	1,203.00	33,072.49	34,275.49
1991	9.75%	1,321.00	32,955.20	34,276.20
1992	9.75%	1,450.00	32,826.40	34,276.40
1993	9.75%	1,591.00	32,685.02	34,276.02
1994	9.75%	1,746.00	32,529.90	34,275.90
1995	9.75%	1,916.00	32,359.67	34,275.67
1996	9.75%	2,103.00	32,172.86	34,275.86
1997	9.75%	2,308.00	31,967.81	34,275.81
1998	9.75%	2,533.00	31,742.78	34,275.78
1999	9.75%	2,780.00	31,495.82	34,275.82
2000	9.75%	3,051.00	31,224.77	34,275.77
2001	9.75%	3,349.00	30,927.29	34,276.29
2002	9.75%	3,675.00	30,600.77	34,275.77
2003	9.75%	4,034.00	30,242.45	34,276.45
2004	9.75%	4,427.00	29,849.14	34,276.14
2005	9.75%	4,858.00	29,417.51	34,275.51
2006	9.75%	5,332.00	28,943.85	34,275.85
2007	9.75%	5,852.00	28,423.98	34,275.98
2008	9.75%	6,423.00	27,853.41	34,276.41
2009	9.75%	7,049.00	27,227.17	34,276.17
2010	9.75%	7,736.00	26,539.89	34,275.89
2011	9.75%	8,490.00	25,785.63	34,275.63
2012	9.75%	9,318.00	24,957.86	34,275.86
2013	9.75%	10,227.00	24,049.35	34,276.35
2014	9.75%	11,224.00	23,052.22	34,276.22
2015	9.75%	12,318.00	21,957.88	34,275.88
2016	9.75%	13,519.00	20,756.87	34,275.87
2017	9.75%	14,837.00	19,438.77	34,275.77
2018	9.75%	16,284.00	17,992.16	34,276.16
2019	9.75%	17,871.00	16,404.47	34,275.47
2020	9.75%	19,614.00	14,662.05	34,276.05
2021	9.75%	21,526.00	12,749.69	34,275.69
2022	9.75%	23,625.00	10,650.90	34,275.90
2023	9.75%	25,928.00	8,347.46	34,275.46
2024	9.75%	28,456.00	5,819.48	34,275.48
2025	9.75%	31,231.00	3,045.01	34,276.01
		341,300.00	1,012,855.58	1,354,155.58

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

SERIES 1986 B BONDS

Period Ending 10/1	Zero Coupon Bonds
1986	0.00
1987	0.00
1988	4,470.80
1989	4,470.60
1990	4,470.60
1991	4,470.60
1992	4,470.60
1993	4,470.60
1994	4,470.60
1995	4,470.60
1996	4,470.60
1997	4,470.60
1998	4,470.60
1999	4,470.60
2000	4,470.60
2001	4,470.60
2002	4,470.60
2003	4,470.60
2004	4,470.60
2005	4,470.60
2006	4,470.60
2007	4,470.60
2008	4,470.60
2009	4,470.60
2010	4,470.60
2011	4,470.60
2012	4,470.60
2013	4,470.60
2014	4,470.60
2015	4,470.60
2016	4,470.60
2017	4,470.60
2018	4,470.60
2019	4,470.60
2020	4,470.60
2021	4,470.60
2022	4,470.60
2023	4,470.60
2024	4,470.60
2025	4,470.60
	169,883.00

State of West Virginia

WATER DEVELOPMENT AUTHORITY

1201 Dunbar Avenue
Dunbar WV 25064-3017

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

September 18, 1997

Tennerton Public Service District
Sewer Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant that Tennerton Public Service District (the "Issuer") has met the coverage requirements for issuance of parity bonds, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1986 A Bonds and the Series 1986 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 1997 A (West Virginia SRF Program), in the original aggregate principal amount of $585,627 (the "Bonds"), by the Issuer, under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Sewer Revenue Bonds, Series 1986 A (the "Series 1986 A Bonds"), and senior and prior, with respect to liens, pledge and source of and security for payment, to the Issuer's Sewer Revenue Bonds, Series 1986 B (the "Series 1986 B Bonds").

Barbara B Meadows
Authorized Representative

This AGREEMENT, made this 17TH day of October 1996, by and between the City of Buckhannon Sanitary Board, a municipal statutory corporation, party of the first part, hereinafter referred to as "Buckhannon," and the Tennerton Public Service District, a statutory corporation, party of the second part, hereinafter referred to as "Tennerton."

1. Whereas, Buckhannon and Tennerton entered into an agreement on June 20, 1985 regarding development and operation of sewage collection and treatment facilities.

2. Whereas, due to inexperience with contracted sewer service by either party, the Agreement covered administrative and operating procedures for developing the sewer projects and use of the sewer systems in great detail.

3. Whereas, provisions of the Agreement established the method by which Buckhannon would bill Tennerton for use of its interceptor system and treatment plant. There were two components of the basic charge to Tennerton. The first of these was a charge for operating costs. It was based on the principle of proportionate use, and was calculated using the measured amounts of the Tennerton sewage flow and the sewage flow at Buckhannon's sewage treatment plant. The second component was for debt service and was calculated based on the anticipated use by each party of the sewage treatment plant when it was designed.

4. Whereas, there are other charges made to Tennerton, but they are direct charges for specific services which were not part of the agreement dated June 20, 1985.

5. Whereas, Buckhannon and Tennerton have made good faith efforts to abide by the provisions of this Agreement and have met their respective obligations to the satisfaction of the other party.

6. Whereas, the provisions for billing have proved to be awkward, cumbersome, and unreliable. The accuracy of the Tennerton flow meters has been of particular concern.

7. Whereas, the data generated since the new systems went into operation in 1987, provides a good base of information to establish more conventional billing procedures.

8. Whereas, virtually all other Buckhannon sewer customers are billed based on a pre-established rate per 1000 gallons of metered water use. This is a well established, conventional industry procedure. The only customers not billed in this manner are a very few residential customers

who do not have water service. They are billed at a flat rate based on "typical" residential customer water use.

9. Whereas, use of the sewage treatment plant, development activity, and opportunity for development have not occurred in the manner anticipated by the June 20, 1985 Agreement. There is, therefore, reason to make some adjustment to the debt service component of the charge to Tennerton.

10. Whereas, project development matters addressed in the original Agreement are no longer a matter of concern since both systems have enjoyed nine years of successful operation.

11. Whereas, many of the administrative and operational matters addressed in the original Agreement are duplications of the administrative and operational matters addressed in City of Buckhannon ordinances regulating the use of the sewer system by any sewer customer.

12. Whereas, both Buckhannon and Tennerton desire to continue the relationship whereby Tennerton discharges wastewater into the Buckhannon sewer system for transport to and treatment at the Buckhannon sewage treatment plant.

13. Whereas, both Buckhannon and Tennerton desire to simplify administrative and operational matters particularly regarding billing procedures in order to reduce costs, increase clarity, and improve fairness.

Now, therefore, it is agreed by and between the parties hereto as follows:

1. This Agreement supersedes the Agreement dated June 20, 1985 which, upon execution of this Agreement, shall become null and void.

2. Buckhannon agrees to receive waste water discharges from Tennerton at the properly designated points, transport that waste water to the sewage treatment plant, and treat the waste water for discharge to the Buckhannon River in the same manner that it provides these services for any of its other customers. At the date of this Agreement, the two designated points for Tennerton to discharge are the Buckhannon manhole just west of Rt 20 at Finks Run, and the manhole behind the USPFO building.

3. Except as hereinafter stated, all administrative and operational matters regarding Tennerton's use of the Buckhannon sewer system shall be regulated by City of Buckhannon Ordinances written and adopted for the purpose of regulating use of the sewer system by any and all sewer customers.

4. Tennerton shall keep in force for its customers, sewer use regulations, which protect it from receiving waste water or contaminants which are not acceptable to discharge into Buckhannon's system.

5. Buckhannon shall maintain the right to inspect the premises of any Tennerton customer in the same manner it has the right to inspect its own customers to determine if there is an improper discharge.

6. Tennerton shall cooperate with Buckhannon to help identify improper discharges and, if any such discharges are found, Tennerton shall make every possible effort to eliminate or minimize such discharge.

7. Billing for use of the Buckhannon sewer system by Tennerton shall be at a special rate identified as the "Public Service District rate", which rate shall be applied to the cumulative metered water use of all of the Tennerton customers. In the case of any customers without water service, Buckhannon shall use the "typical" water use to bill Tennerton that Tennerton uses to bill those individual customers. This billing procedure shall replace the existing procedure based on the "operating" component and the "debt" component.

8. At the date of this Agreement, the Public Service District rate shall be $1.45/ 1000 gallons of water use. This rate may be changed at any time as is found necessary by Buckhannon for the proper operation of the sewer system, but may only be changed by a properly adopted rate ordinance. Any such rate ordinance would be subject to review by the WV Public Service Commission.

9. Tennerton shall be responsible to provide Buckhannon, on a monthly basis, at the time Tennerton bills its individual customers, a complete list of its billing to its customers to include the names and the metered (or flat rate use for unmetered customers) water consumption of all of its customers. Tennerton shall provide this information to Buckhannon at no charge.

Since most Tennerton customers are Buckhannon water customers, Buckhannon can determine water use by these customers from its own records. In the case of Tennerton sewer customers that are not Buckhannon water customers, Tennerton shall make arrangements for

Buckhannon to have access to the water use records of such Tennerton customers, directly from the water utility serving these customers.

10. Buckhannon may bill Tennerton or Tennerton may bill Buckhannon for any services not described by this Agreement which are provided to the other party in accordance with any other mutually agreeable arrangement. These charges include but are not limited to Tennerton's charge to Buckhannon for use of the Liggett Addition interceptor, and Buckhannon's charges to Tennerton for billing services and pump station maintenance services.

11. Tennerton shall provide to Buckhannon copies of "Record" drawings of all sewer extensions.

12. Both parties acknowledge that the WV Public Service Commission is responsible for regulating sewer utilities and that any disputes regarding sewer use, rates, or other matters pertaining to the sewer systems, would ultimately be addressed by that body.

13. Both parties, by their respective signatures below, acknowledge their agreement with the terms and conditions set forth herein. It is further agreed that upon acceptance and execution of this agreement by both parties, that it will be submitted to the WV Public Service Commission for its review and approval, and that the agreement shall become effective upon the date of written approval by the WV Public Service Commission.

WITNESS THE FOLLOWING SIGNITURES

The Sanitary Board of the
City of Buckhannon

Elizabeth J Pounstone
Its Chairman & Mayor of the
City of Buckhannon

ATTEST

Nancy C. Shobe
Its Recorder

Tennerton Public Service District

John R. McGrew Jr
Its Chairman

ATTEST

William C. Thurman
Its Secretary