

WHITE OAK PUBLIC SERVICE DISTRICT

**Sewer Revenue Bonds,
Series 1992 A and Series 1992 B**

Date of Closing: August 12, 1992

BOND TRANSCRIPT

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WHITE OAK PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 1992 A AND SERIES 1992 B
and
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES RESOLUTION

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WHITE OAK PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF WHITE OAK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 A, NOT MORE THAN \$100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 B, AND NOT MORE THAN \$500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF WHITE OAK PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewerage treatment, collection and transportation system. However, it

is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions for such existing sewerage facilities of the Issuer, consisting of renovations to its wastewater treatment facility at Harvey (near Glen Jean), in Fayette County, 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 existing sewerage facilities, the Project and any further additions or improvements thereto or extensions thereof is herein called the "System") at an estimated cost of \$1,055,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$500,000 in two series, being the Series 1992 A Bonds in the aggregate principal amount of not more than \$400,000 and the Series 1992 B Bonds in the aggregate principal amount of not more than \$100,000 (collectively, the "Original Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Original Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes"), in the aggregate principal amount of not more than \$500,000 to temporarily finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents,

depositories or trustees or other costs in connection with the sale of the Bonds and/or the Notes 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, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the Notes or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Original Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution.

G. There are outstanding obligations of the Issuer which will rank either senior and prior to, on parity with, or junior and subordinate to the Original Bonds as to liens, pledge, source of and security for payment, which obligations are designated and have the respective lien positions, together with the Original Bonds, as follows:

<u>Designation</u>	<u>Lien Position</u>
Sewerage Services Revenue Bond, Series A, No. 1, dated November 13, 1968, issued in the original aggregate principal amount of \$429,000 (the "No. 1 Bond")	First Lien
Sewerage Services Revenue Bond, Series A, No. 2, dated November 13, 1968, issued in the original aggregate principal amount of \$40,000 (the "No. 2 Bond")	First Lien
Sewer Revenue Bonds, Series 1992 A (the "Series 1992 A Bonds")	First Lien
Sewer Revenue Bonds, Series 1992 B (the "Series 1992 B Bonds")	Second Lien

The No. 1 Bond and the No. 2 Bond are hereinafter collectively called the "Prior Bonds."

The Series 1992 A Bonds shall be issued on a parity with the Prior Bonds, and senior and prior to the Series 1992 B Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Series 1992 B Bonds shall be issued junior and subordinate to the Prior Bonds and the Series 1992 A Bonds with respect to liens, pledge and source of and security for payment and in all other respects.

The Grant Anticipation Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues, certain proceeds of such Grant Anticipation Notes and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such Grant Anticipation Notes. The Bond Anticipation Notes, if issued, will be payable from the proceeds of the Bonds, certain proceeds of such Bond Anticipation Notes and the Net Revenues, if necessary, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such Bond Anticipation Notes.

Other than the Prior Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Original Bonds as to liens, pledge and/or source of and security for payment. The Issuer has outstanding a note dated July 23, 1991, in the principal amount of \$29,921.34 payable to One Valley Bank of Oak Hill, Inc., which note is secured by a deed of trust dated July 23, 1991. While this note is payable from revenues of the System, it is not entitled to any lien on or pledge of revenues of the System or a statutory mortgage lien thereon. The deed of trust is upon an administration building of the Issuer.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Bonds and the Notes, 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 Bonds or any of the Notes or such final order will not be subject to appeal or rehearing.

I. Prior to the issuance of the Original Bonds, the Issuer will have received the written consent of Farmers Home Administration,

the present holder of the entire outstanding aggregate principal amounts of the Prior Bonds, to issuance of the Original Bonds with lien positions with respect to the Prior Bonds as set forth in paragraph G of this Section 1.02.

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

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

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

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

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly 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" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

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

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

"Bond Year" means each one-year period (or shorter period from the date of issue of the Original Bonds) that ends at the close of business on October 1 of each calendar year, unless otherwise required under the Code.

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

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

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

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

"Consulting Engineers" means Stafford Consultants, Incorporated, Princeton, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

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

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

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

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

"Grant" means the Small Cities Block Grant from the Department of Housing and Urban Development, through the State of West Virginia, pursuant to the commitment therefor, received by the Issuer to aid in financing any Costs.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of any grant anticipation notes.

"Grants" means, collectively, the Small Cities Block Grant and the Other Grants, as hereinafter defined.

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee relating to any or all of the Notes and all supplements or amendments thereto.

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

"Loan Agreement" means, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Original Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the respective Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Original 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.

"No. 1 Bond" means the Issuer's Sewerage Services Revenue Bond, Series A, No. 1, dated November 13, 1968, issued in the original aggregate principal amount of \$429,000.

"No. 2 Bond" means the Issuer's Sewerage Services Revenue Bond, Series A, No. 2, dated November 13, 1968, issued in the original aggregate principal amount of \$40,000.

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

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

"Notes" means, collectively, the not more than \$500,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes and/or notes evidencing a line of credit, or any combination of the foregoing, and originally authorized hereby, which may be issued by the Issuer, the terms of which shall be set forth in one or more Supplemental Resolutions, and unless the context

clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture and/or the Supplemental Resolution pertaining to such Notes and its successors and assigns.

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$400,000 in aggregate principal amount of Series 1992 A Bonds and the not more than \$100,000 in aggregate principal amount of Series 1992 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in the Supplemental Resolution, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means any other grant hereafter received by the Issuer to aid in financing Costs.

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

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

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

"Prior Bonds" means, collectively, the No. 1 Bond and the No. 2 Bond.

"Prior Resolution" means, the resolution of the Issuer adopted November 13, 1968, 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.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of renovations to its wastewater treatment facility at Harvey (near Glen Jean) in Fayette County, together with all appurtenant facilities.

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

(a) Government Obligations;

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

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

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

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

increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

"Registrar" means, as appropriate, either the Bond Registrar or the Notes Registrar, or both.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

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

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

"Series 1992 A Bonds" or "Series A Bonds" means the not more than \$400,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 A, of the Issuer.

"Series 1992 A Bonds Reserve Account" means the Series 1992 A Bonds Reserve Account established in the Series 1992 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1992 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 1992 A Bonds in the then current or any succeeding year.

"Series 1992 A Bonds Sinking Fund" means the Series 1992 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1992 B Bonds" or "Series B Bonds" means the not more than \$100,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 B, of the Issuer.

"Series 1992 B Bonds Reserve Account" means the Series 1992 B Bonds Reserve Account established in the Series 1992 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1992 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1992 B Bonds in the then current or any succeeding year.

"Series 1992 B Bonds Sinking Fund" means the Series 1992 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when

preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of any or all of the Notes or the sale of the Original Bonds, 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 or the Original Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Original Bonds (including, without limitation, the Prior Bonds) or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the 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 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.

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

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 the acquisition and construction of the Project, at an estimated cost of \$1,055,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1992 A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original 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 Original Bonds of the Issuer, in an aggregate principal amount of not more than \$500,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1992 A," in the aggregate principal amount of not more than \$400,000, and "Sewer Revenue Bonds, Series 1992 B," in the aggregate principal amount of not more than \$100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Grant Anticipation Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be 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 Original Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Original 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 Original Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be

exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar 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 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the respective Reserve Accounts. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all the Series 1992 A Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service of all the Series 1992 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 Prior Bonds and the Series 1992 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 1992 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WHITE OAK PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 199 ____ A

No. AR- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That WHITE OAK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning ____ 1, 199__. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 199__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on _____, 19____, and a Supplemental Resolution duly adopted by the Issuer on _____, 19__ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 199____ B, of the Issuer (the "Series 199____ B Bonds"), issued in the aggregate principal amount of \$_____, which Series 199____ B Bonds are junior and subordinate with respect to liens, pledge and source of and security for, payment, and in all respects, to the Bonds.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE ISSUER:

(i) SEWERAGE SERVICES REVENUE BOND,
SERIES A, NO. 1, DATED NOVEMBER 13, 1968, ISSUED
IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF
\$429,000 (THE "NO. 1 BOND") AND

(ii) SEWERAGE SERVICES REVENUE BOND,
SERIES A, NO. 2, DATED NOVEMBER 13, 1968, ISSUED
IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF
\$40,000 (THE "NO. 2 BOND").

THE NO. 1 BOND AND THE NO. 2 BOND ARE HEREIN COLLECTIVELY REFERRED TO AS 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 Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 199____ A Bonds Reserve Account") and unexpended proceeds of the Bonds and the Series 199____ B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 199____ A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 199____ B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 199____ B Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 199____ B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 199____ A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 199____ B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 199____ B 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, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

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

IN WITNESS WHEREOF, WHITE OAK 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 199 ____ A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

[FORM OF SERIES 1992 B BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WHITE OAK PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 199___ B

No. BR-___

\$_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 19__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the

West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on _____, 19____, and a Supplemental Resolution duly adopted by the Issuer on _____, 19____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING SEWER REVENUE BONDS OF THE ISSUER:

(i) SEWERAGE SERVICES REVENUE BOND, SERIES A, NO. 1, DATED NOVEMBER 13, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$429,000 (THE "NO. 1 BOND");

(ii) SEWERAGE SERVICES REVENUE BOND, SERIES A, NO. 2, DATED NOVEMBER 13, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$40,000 (THE "NO. 2 BOND"); AND

(iii) SEWER REVENUE BONDS, SERIES 199____ A, ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 199____ A BONDS").

THE NO. 1 BOND AND THE NO. 2 BOND ARE HEREIN COLLECTIVELY REFERRED TO AS 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, after there has first been paid from said Net Revenues all payments then due and owing on account of the Prior Bonds and the Series 199____ A Bonds, and from all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 199____ B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net

Revenues, the moneys in the Series 199____ B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 199____ A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there exists in the Series 199____ B Bonds Reserve Account and the reserve account established for the Series 199____ A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 199____ A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 199____ A Bonds.

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

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

IN WITNESS WHEREOF, WHITE OAK 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 199____ B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.10. Sale of Original Bonds; Approval and Ratification of Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer attest the same, and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1992 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1992 B Bonds to the Issuer for payment in an amount equal to such excess to the extent such excess is lawfully available therefor. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1992 B Bonds for payment until the outstanding Notes have been paid.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$500,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or supplemental resolution, as applicable.

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

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

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree

to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

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 created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (created and established by the Prior Resolution);
- (2) Operation and Maintenance Fund (created and established by the Prior Resolution);
- (3) Bond Fund (created and established by the Prior Resolution);
- (4) Reserve Fund (created and established by the Prior Resolution);
- (5) Renewal and Replacement Fund;
- (6) Bond Construction Trust Fund; and
- (7) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with the Commission:

- (1) Series 1992 A Bonds Sinking Fund;
 - (a) Within the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account.
- (2) Series 1992 B Bonds Sinking Fund;
 - (a) Within the Series 1992 B Bonds Sinking Fund, the Series 1992 B Bonds Reserve Account.

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

funds of the Issuer and the Depository Bank and used only for the purposes(2 and in the manner herein provided.

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

(2) The Issuer shall next, each month, (i) transfer from the Revenue Fund into the Bond Fund, a sum equal to at least one-twelfth of the amount of principal of and interest on the Prior Bonds as the same shall become due and (ii) simultaneously therewith, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1992 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1992 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1992 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1992 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and simultaneously therewith, commencing 13 months prior to the first date of payment of principal on the Series 1992 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1992 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1992 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, each month, transfer from the Revenue Fund into the Reserve Fund, the sum of \$300 until there is accumulated in the Reserve Fund the sum of \$30,000, after which no further deposits need be made into the Reserve Fund except to replace withdrawals. The Reserve Fund shall be used and disbursed only for the purpose of

paying the cost of repairing or replacing any damage to the System which may be caused by any unforeseen catastrophe, for making extensions or improvements to the System, and when necessary for making payments of principal and interest on the Prior Bonds in the event the Bond Fund is insufficient to make such payments. Whenever disbursements are made from the Reserve Fund, said monthly payments shall be resumed until there is again accumulated the maximum amount of \$30,000, at which time payments shall again be discontinued. The Issuer shall simultaneously, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1992 A Bonds, if not fully funded upon issuance of the Series 1992 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1992 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1992 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 1992 A Bonds Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, 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 the reserves established with respect to the Reserve Fund and the Series 1992 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1992 B Bonds, apportion and set apart out of the Revenue Fund and remit to the

Commission for deposit in the Series 1992 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1992 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1992 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1992 B Bonds, if not fully funded upon issuance of the Series 1992 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1992 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1992 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 1992 B Bonds Reserve Requirement.

Moneys in the Series 1992 A Bonds Sinking Fund and the Series 1992 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if

any, due on the respective series of Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1992 A Bonds Reserve Account which result in a reduction in the balance of the Series 1992 A Bonds Reserve Account to below the Series 1992 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Bond Fund, the Reserve Fund and the Series 1992 A Bonds Sinking Fund have been made in full.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1992 B Bonds Reserve Account which result in a reduction in the balance of the Series 1992 B Bonds Reserve Account to below the Series 1992 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Bond Fund, the Reserve Fund, the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1992 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1992 A Bonds Sinking Fund, or the Series 1992 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve

Account, shall be made on a parity and pro rata, with respect to the Prior Bonds and Series 1992 A Bonds in accordance with the respective principal amounts then Outstanding, and thereafter shall be made on a parity and pro rata.

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

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

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

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

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional

sums as shall be necessary to pay the Depository Bank's 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, the Operation and Maintenance Fund, the Bond Fund, the Reserve Fund, the Renewal and Replacement Fund and the Rebate Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 1992 A Bonds, there shall first be deposited with the Commission in the Series 1992 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1992 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1992 A Bonds, there shall be deposited with the Commission in the Series 1992 A Bonds Reserve Account, and from the proceeds of the Series 1992 B Bonds, there shall be deposited with the Commission in the Series 1992 B Reserve Account, the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1992 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1992 A Bonds, and thereafter for the Series 1992 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds

Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

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

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs thereof have been paid, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1992 A Bonds Reserve Account,

and when fully funded, to the Series 1992 B Bonds Reserve Account, provided that, in no event shall more than 10% of the proceeds from the sale of any or all of the Original Bonds be deposited in any or all of the Reserve Accounts, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1992 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1992 B Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 1992 A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, on a parity with the lien on said Net Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service of the Series 1992 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Prior Bonds and the Series 1992 A Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds

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

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Order of the Public Service Commission of West Virginia entered July 22, 1992 (Case No. 91-705-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, lease, mortgage, pledge, or otherwise encumber, or in any manner dispose of, or otherwise alienate, the System, or any part thereof, except as provided in the Prior Resolution and with the written consent of the Authority.

So long as the Original 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 Original Bonds, including the Prior Bonds, and the Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Original Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Original Bonds. Any balance remaining after the payment of all the Original Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution and/or the Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to any or all of

the Notes issued under the Indenture and/or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture (if an Indenture is used) and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from any or all of 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 1992 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from any or all of 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 1992 A Bonds and the Series 1992 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1992 B Bonds. No Parity Bonds shall be issued which shall be payable out of any or all of the revenues of the System on a parity with the Series 1992 A Bonds, unless the Series 1992 B Bonds are no longer outstanding.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Prior Bonds;
- (2) The Bonds then Outstanding;
- (3) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (4) The Parity Bonds then proposed to be issued.

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1992 A Bonds and the Series 1992 B 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 1992 A Bonds or the Series 1992 B Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan

Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation and/or the Indenture or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds, the Prior Bonds or Notes, as the case may be, and the status of all said funds and accounts.

(C) The amount of the Prior Bonds, the Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent

Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall submit said report to the Trustee and the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

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

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of

the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, 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 Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

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

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules 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, then the Issuer shall enter into a termination agreement with the water provider.

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

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or any of the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$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, to the extent available at reasonable cost to the Issuer.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability

insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Original 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 Original Bonds during the term thereof is, under the terms of the Original 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 Original 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 Original Bonds during the term thereof is, under the terms of the Original 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 Original 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 Original 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 Original 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 Original 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 Original 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 Original 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 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective Series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1992 A Bonds shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds and the statutory mortgage lien in favor of the Holders of the Series 1992 B Bonds shall be junior to the statutory mortgage lien in favor of the Holders of the Prior Bonds and the Series 1992 A Bonds.

However, the Issuer has outstanding a note, secured by a deed of trust, dated July 23, 1991, upon the Issuer's office building and held by One Valley Bank of Oak Hill, Inc.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Trustee, if any, and the Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, 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 Original 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 Bonds which would cause the Original 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 Original Bonds) so that the interest on the Original 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 Original Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Original Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder or under the Indenture, if any, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The

Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

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

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

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

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

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

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

(4) If default occurs pursuant to the events set forth in the Prior Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1992 A Bonds shall be on a parity with those of the Holders of the Prior Bonds and all rights and remedies of the Holders of the Series 1992 B Bonds shall be subject to those of the Holders of the Series 1992 A Bonds and the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or Bond Anticipation Note or a Bond Anticipation Note evidencing a line of credit 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 or Bond Anticipation Notes or Bond Anticipation Note evidencing such line of credit any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Prior Bonds and 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 Series 1992 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1992 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1992 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1992 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 Original Bonds from gross income for federal income tax purposes.

Series 1992 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1992 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 1992 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 1992 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 1992 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior

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

Section 10.02. Defeasance of Series 1992 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1992 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1992 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1992 B 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 Original Bonds from gross income for federal income tax purposes.

Series 1992 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of such Series 1992 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 1992 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of said Series 1992 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1992 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 said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such

reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture and/or the Supplemental Resolution pertaining to such Notes, then with respect to such Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Notes from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Series 1992 A Bonds or the Series 1992 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Original Bonds and the Notes, if any, from gross income of the holders thereof.

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

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

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

Section 11.05. Conflicting Provisions Repealed; 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 White Oak Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

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

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

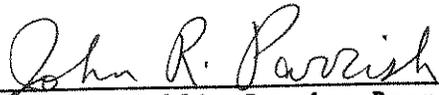
(c) The public service properties to be acquired or constructed and the cost of the same;

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

(e) The date that the formal application for a Certificate of 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 August, 1992.



Chairman, Public Service Board



Member, Public Service Board



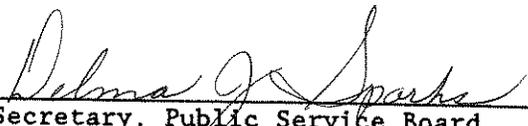
Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of WHITE OAK PUBLIC SERVICE DISTRICT on the 10th day of August, 1992.

Dated: August 12, 1992

[SEAL]


Secretary, Public Service Board

08/10/92
WOSJ.A3
97070/90001

WHITE OAK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1992 A AND SERIES 1992 B OF WHITE OAK PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of White Oak Public Service District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective August 10, 1992 (the "Bond and Notes Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF WHITE OAK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 A, NOT MORE THAN \$100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 B, AND NOT MORE THAN \$500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE

TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND
ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond and Notes Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed \$500,000, to be issued in two series, the Series 1992 A Bonds to be in an aggregate principal amount of not more than \$400,000 (the "Series 1992 A Bonds") and the Series 1992 B Bonds to be in an aggregate principal amount of not more than \$100,000 (the "Series 1992 B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1992 A Bonds dated August 12, 1992, and a supplemental loan agreement relating to the Series 1992 B Bonds, also dated August 12, 1992 (sometimes collectively referred to herein as the "Loan Agreement"), both by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond and Notes Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

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

(A) The Sewer Revenue Bonds, Series 1992 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$319,355. The Series 1992 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2031, shall bear interest at the rate of 7.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1992, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1992 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1992 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$10,645. The Series 1992 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2031, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1992 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

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

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

Section 6. The Issuer does hereby appoint One Valley Bank of Oak Hill, Oak Hill, West Virginia, as Depository Bank under the Bond and Notes Resolution.

Section 7. Series 1992 A Bonds proceeds in the amount of \$27,000 shall be deposited in the Series 1992 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 1992 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1992 A Bonds Reserve Account and Series 1992 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1992 B Bonds Reserve Account.

Section 9. The remaining proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and repayment of any borrowings previously incurred with respect to the Project, if any.

Section 10. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, if any, including, but not limited to, all borrowings from West Virginia Water Development Authority.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about August 12, 1992.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond and Notes Resolution held by the Depository Bank in repurchase agreements with maturities not exceeding thirty days, or, if unavailable, such moneys not invested in repurchase agreements shall be invested in time accounts secured by a pledge of Government Obligations with the Depository Bank, and therefore the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements and/or time accounts, until further directed by the Issuer. Moneys in the Sinking Funds for the Bonds shall be invested by the Municipal Bond Commission in the West Virginia restricted consolidated fund.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 10th day of August, 1992.

WHITE OAK PUBLIC SERVICE DISTRICT



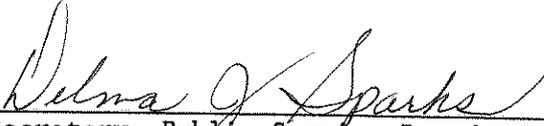
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of WHITE OAK PUBLIC SERVICE DISTRICT on the 10th day of August, 1992.

Dated: August 12, 1992.

[SEAL]


Secretary, Public Service Board

08/10/92
WOSJ.B3
97070/90001

LOAN AGREEMENT

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

WHITE OAK PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a

Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum

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

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

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

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

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

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

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

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

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

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

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

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

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

finance the construction of the Project; provided that, with the prior written consent of the Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

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

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

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

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

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

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

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

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

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

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

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

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

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

White Oak Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By: John R. Parrish
Its: Chairman

Date: August 12, 1992

Attest:

Dulma G. Sparks
its Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: Daniel B. Youkosky
Director

Date: August 12, 1992

Attest:

Barbara B. Meadows
Secretary-Treasurer

WDA-5X
(July 1990)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 319,355.00

Purchase Price of Local Bonds \$ 319,355.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 7.75 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to source of and security for payment with the following obligations: Farmers Home Administration Sewerage Services Revenue Bond, Series A, No. 1, and Sewerage Services Revenue Bond, Series A, No. 2, both dated November 13, 1968.

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

NA

**West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1991 A Pool
Debt Service Schedule - White Oak Public Service District**

**Closing 8/12/92
Interest Bearing Loan: \$319,355.00**

<u>Date</u>	<u>Coupon</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
10/1/92	7.75%	0.00	3,368.75	3,368.75
10/1/93	7.75%	1,424.00	24,750.01	26,174.01
10/1/94	7.75%	1,535.00	24,639.65	26,174.65
10/1/95	7.75%	1,654.00	24,520.69	26,174.69
10/1/96	7.75%	1,782.00	24,392.51	26,174.51
10/1/97	7.75%	1,920.00	24,254.40	26,174.40
10/1/98	7.75%	2,069.00	24,105.60	26,174.60
10/1/99	7.75%	2,229.00	23,945.25	26,174.25
10/1/00	7.75%	2,402.00	23,772.51	26,174.51
10/1/01	7.75%	2,588.00	23,586.35	26,174.35
10/1/02	7.75%	2,788.00	23,385.78	26,173.78
10/1/03	7.75%	3,004.00	23,169.71	26,173.71
10/1/04	7.75%	3,237.00	22,936.90	26,173.90
10/1/05	7.75%	3,488.00	22,686.03	26,174.03
10/1/06	7.75%	3,759.00	22,415.71	26,174.71
10/1/07	7.75%	4,050.00	22,124.39	26,174.39
10/1/08	7.75%	4,364.00	21,810.52	26,174.52
10/1/09	7.75%	4,702.00	21,472.31	26,174.31
10/1/10	7.75%	5,066.00	21,107.90	26,173.90
10/1/11	7.75%	5,459.00	20,715.29	26,174.29
10/1/12	7.75%	5,882.00	20,292.21	26,174.21
10/1/13	7.75%	6,338.00	19,836.36	26,174.36
10/1/14	7.75%	6,829.00	19,345.16	26,174.16
10/1/15	7.75%	7,358.00	18,815.92	26,173.92
10/1/16	7.75%	7,929.00	18,245.67	26,174.67
10/1/17	7.75%	8,543.00	17,631.17	26,174.17
10/1/18	7.75%	9,205.00	16,969.09	26,174.09
10/1/19	7.75%	9,919.00	16,255.70	26,174.70
10/1/20	7.75%	10,687.00	15,486.98	26,173.98
10/1/21	7.75%	11,516.00	14,658.74	26,174.74
10/1/22	7.75%	12,408.00	13,766.25	26,174.25
10/1/23	7.75%	13,370.00	12,804.63	26,174.63
10/1/24	7.75%	14,406.00	11,768.45	26,174.45
10/1/25	7.75%	15,522.00	10,651.99	26,173.99
10/1/26	7.75%	16,725.00	9,449.03	26,174.03
10/1/27	7.75%	18,021.00	8,152.85	26,173.85
10/1/28	7.75%	19,418.00	6,756.22	26,174.22
10/1/29	7.75%	20,923.00	5,251.32	26,174.32
10/1/30	7.75%	22,544.00	3,629.79	26,173.79
10/1/31	7.75%	24,292.00	1,882.63	26,174.63
		<u>319,355.00</u>	<u>704,810.42</u>	<u>1,024,165.42</u>

SCHEDULE Y
REVENUES

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

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

2. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Division of Natural Resources.

2. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Division of Natural Resources.

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

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

4. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution

abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

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

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

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

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

SUPPLEMENTAL LOAN AGREEMENT

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

WHITE OAK PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefore, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

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

ARTICLE I

Definitions; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

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

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

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

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

1.6 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

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

1.8 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear.

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

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

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall

each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

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

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

(b) The Governmental Agency shall have authorized the issuance of and delivery to the Authority of the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have 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 the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project, operation of the System and imposition of rates and charges and shall have taken any other action required for the imposition of 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

without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

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

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

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan;
Repayment of Supplemental Loan; No Interest on
Supplemental Loan; Fees and Charges

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

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

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service

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

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

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

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

Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental Bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

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

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

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

(xiv) That the proceeds of the Supplemental Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs), provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon;

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

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

(xvii) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in

accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Supplemental Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

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

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority.

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

ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

7.7 By execution and delivery of this Supplemental Loan Agreement, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Supplemental Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

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

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

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Supplemental Loan Agreement shall not be binding on the Authority until executed by it.

White Oak Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By John R. Povich
Its Chairman

Attest:

Date: August 12, 1992

Delma J. Sparks
Its Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By Daniel B. Zankosky
Director

Attest:

Date: August 12, 1992

Barbara B. Meadows
Secretary-Treasurer

WDA-Supp. 5X
(July 1990)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>10,645.00</u>
Purchase Price of Supplemental Bonds	\$ <u>10,645.00</u>

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

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

NA

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

Farmers Home Administration's Sewerage Services Revenue Bond, Series A, No. 1, and Sewerage Services Revenue Bond, Series A, No. 2, both dated November 13, 1968.

**West Virginia Water Development Authority
Interest Free Local Loan from Series 1991 A Pool
Debt Service Schedule - White Oak Public Service District**

**Closing 8/12/92
Interest Free Loan: \$10,645.00**

Date	Interest Free Loan	Debt Service
10/1/92	0.00	0.00
10/1/93	272.95	272.95
10/1/94	272.95	272.95
10/1/95	272.95	272.95
10/1/96	272.95	272.95
10/1/97	272.95	272.95
10/1/98	272.95	272.95
10/1/99	272.95	272.95
10/1/00	272.95	272.95
10/1/01	272.95	272.95
10/1/02	272.95	272.95
10/1/03	272.95	272.95
10/1/04	272.95	272.95
10/1/05	272.95	272.95
10/1/06	272.95	272.95
10/1/07	272.95	272.95
10/1/08	272.95	272.95
10/1/09	272.95	272.95
10/1/10	272.95	272.95
10/1/11	272.95	272.95
10/1/12	272.95	272.95
10/1/13	272.95	272.95
10/1/14	272.95	272.95
10/1/15	272.95	272.95
10/1/16	272.95	272.95
10/1/17	272.95	272.95
10/1/18	272.95	272.95
10/1/19	272.95	272.95
10/1/20	272.95	272.95
10/1/21	272.95	272.95
10/1/22	272.95	272.95
10/1/23	272.95	272.95
10/1/24	272.95	272.95
10/1/25	272.95	272.95
10/1/26	272.95	272.95
10/1/27	272.95	272.95
10/1/28	272.95	272.95
10/1/29	272.95	272.95
10/1/30	272.95	272.95
10/1/31	272.90	272.90
	<u>10,645.00</u>	<u>10,645.00</u>

SCHEDULE Y
REVENUES

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

(i) as prescribed by the Loan Agreement, to pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(v) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

4739z

SCHEDULE Z

Additional and Supplemental Definitions

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

2. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Division of Natural Resources.

2. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Division of Natural Resources.

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

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

4. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal

financial assistance received or to be received for all water development projects in the State.

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

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

JUL 5 8 1992

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
7-28-92
Commission Order
Waiving Objections

Entered: July 22, 1992

CASE NO. 91-705-PSD-CN

WHITE OAK PUBLIC SERVICE DISTRICT,
a public utility, Scarbro, Fayette
County.

Application for a certificate of
convenience and necessity to
renovate its wastewater treatment
facility at Harvey (near Glen Jean),
Fayette County, and for approval of
rates and charges incidental thereto.

RECOMMENDED DECISION

On April 6, 1992, White Oak Public Service District (District), a public utility, Scarbro, Fayette County, filed an application, duly verified, for a certificate of convenience and necessity to renovate its wastewater treatment facility at Harvey (near Glen Jean), Fayette County. The District estimated that construction would cost approximately \$947,250, and will be financed by a Small Cities Block Grant in the amount of \$617,250; and a loan from the Water Development Authority in the amount of \$330,000.00. The District also requested approval of proposed rates and charges for the project.

By Commission Order entered April 7, 1992, the District was directed to give notice of the filing and requested rates, as required by West Virginia Code §24-2-11, by publishing a copy of the Commission's April 7, 1992 Order, once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Fayette County. The notice indicated that anyone desiring to make objection to the application must do so, in writing, within thirty (30) days after publication of the notice. If no protest was received, the Commission would waive the hearing and grant the application based upon the evidence submitted with the application.

On April 22, 1992, the Commission received a protest to the application.

On April 30, 1992, Commission Staff filed its Initial Joint Staff Memorandum, indicating that it was investigating this matter.

By Order entered May 7, 1992, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before November 2, 1992.

On June 11, 1992, the Commission received an Affidavit of Publication indicating that the Notice of Filing had been published in The Montgomery Herald, on April 15, 1992.

On June 23, 1992, Commission Staff filed a Further Joint Staff Memorandum, indicating that it was continuing its investigation of this case.

On June 25, 1992, the Commission received a Motion for Expedited Treatment and Consideration of Case filed by the Applicant.

By Order issued on July 8, 1992, a procedural schedule was established and this matter was set for a hearing to be held on July 22, 1992, in the Commission's Hearing Room, 201 Brooks Street, Charleston, West Virginia, to commence at 10:00 a.m. The Applicant was ordered to publish the Notice of Hearing in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Fayette County.

On July 14, 1992, Commission Staff filed a Final Joint Staff Memorandum indicating that Commission Staff and the District may be able to join in a stipulation at the hearing scheduled for July 22, 1992. Attached to the Final Joint Staff Memorandum were Final Internal Memoranda from Michael W. McNulty, Engineer-in-Training II, and Robert M. Hubbard, Utility Financial Analyst, both of the Public Service District Division.

Mr. McNulty indicates that the plans and specifications for the project have been approved by the State of West Virginia, Office of Environmental Health Service, in Permit No. 11,226. He states that there are no obvious conflicts with the Commission's Rules and Regulations for the Government of Sewer Utilities and that the project is convenient and necessary for the public.

The District apparently has a severe inflow/infiltration problem which prohibits it from treating its sewage properly. The proposed project will allow the District to help prevent plant wash out and produce a better quality of effluent. Mr. McNulty advises that the Division of Natural Resources (DNR) has approved the project. On May 11, 1992, the District was directed by DNR Administrative Order No. 3168 to reduce its inflow/infiltration problems. Therefore, Staff is of the opinion that adequate need has been shown for the project.

The total project cost is estimated at \$1,055,000, with a WDA loan in the amount of \$330,000, and a Small Cities Block Grant in the amount of \$725,000. The project was bid at \$823,061, plus a 5% contingency of \$41,939. Staff considers the project reasonable given the scope and nature of the work to be performed. Staff recommends approval of the employment of an additional employee and recommends a surcharge in the amount of \$2.00 per customer, per month, for a period of not more than twenty-four (24) months. Staff further recommends a report every three (3) months detailing the work that was accomplished and the amount of money spent in order to reduce the inflow/infiltration problem.

Approximately 69% of the project is grant funded. The interest rate of the WDA loan is 7.5%, for a period of thirty-eight (38) years. However, WDA has indicated that confirmation of funding will not be available until the Commission has granted the certificate. Commission Staff adjusted per books expenses by moving non-recurring income of \$12,162 for recovery of uncollectible accounts and related non-recurring expense of \$4,671 for legal expenses necessary to collect those accounts. Staff believes the project is financially feasible and advises that the rates are sufficient to cover the additional operation and maintenance expenses and the new debt service. Staff recommends that the certificate of convenience and necessity to upgrade the District's wastewater system be approved, contingent upon its receipt of the proposed loan proceedings, and that the financing be approved. Staff also recommends that the rates be approved to become effective upon completion of the proposed project. Commission Staff recommends that the project be approved without a hearing due to the possibility of the District losing its bid.

On July 18, 1992, Commission Staff received an Affidavit of Publication, indicating that the Notice of Filing was published in The Fayette Tribune, on April 16, 1992. Also, the District filed a proposed stipulation between the District and Commission Staff. The District accepted Staff's final recommendation of July 14, 1992, subject to the \$2.00 surcharge recommended by Staff being implemented immediately upon the filing of the final tariff.

The hearing convened on July 22, 1992, as scheduled. Appearing on behalf of the District was Kevin B. Burgess, Esquire. Appearing on behalf of Commission Staff was J. Joseph Watkins, Esq. No persons appeared to protest or intervene in this matter. The parties jointly moved that the Joint Stipulation be received into evidence, as Joint Exhibit No. 1. The Applicant accepted Staff's recommendations as contained in its Final Joint Staff Memorandum with Attachments of July 14, 1992, which became known as Staff's Exhibits 1A, 1, and 2, subject to the immediate implementation of a \$2.00 surcharge to last a period of twenty-four (24) months. Commission Staff requested that its recommended tariff be amended to reflect the immediate implementation of the \$2.00 surcharge.

Based upon the submissions of the Applicant and the Commission Staff, which recommended approval of the certificate of convenience and necessity, with a surcharge in the amount of \$2.00 per month to be implemented once the Administrative Law Judge's Recommended Decision becomes the Final Order of the Commission and to continue for a period of twenty-four (24) months, the Administrative Law Judge finds that the project is needed and the project is economically feasible and adequately financed. The Administrative Law Judge will note that, during the pre-filing of this certificate, protests were received to the project as originally proposed. One protest was received to the project during the protest period, but no public protest was received at the hearing. Therefore, the Administrative Law Judge will consider this application no longer protested.

FINDINGS OF FACT

1. On April 6, 1992, the White Oak Public Service District (District), a public utility, Scarbro, Fayette County, filed an application, duly verified, for a certificate of convenience and necessity to renovate its wastewater treatment facility at Harvey (near Glen Jean), Fayette County. (See, Application).
2. The total project cost is estimated at \$1,055,000. (See, Joint Staff Memorandum with Attachments received July 14, 1992).
3. The project will be financed by a Small Cities Block Grant in the amount of \$750,000, and a Water Development Authority Loan in the amount of \$330,000, with an interest rate of 7.5% for a period of thirty-eight (38) years. (See, Joint Staff Memorandum with Attachments filed July 14, 1992).
4. The District has made publication in accordance with West Virginia Code §24-2-11. (See, Affidavit of Publication received July 20, 1992, and April 15, 1992).
5. A protest was received to the application during the thirty (30) day protest period following the publication in April, 1992. However, no persons appeared to protest the project at the hearing held on July 22, 1992. (See, Case File and Transcript Generally).
6. The Notice of Hearing was published in The Fayette Tribune, a newspaper duly qualified by the Secretary of State, published and of general circulation in Fayette County on July 13 and 20, 1992. (See, Applicant's Exhibit No. 1).
7. Commission Staff recommends approval of the application and the parties have entered into a Stipulation in which the District accepts Staff's recommendations, subject to the Staff-proposed \$2.00 surcharge, for a period of twenty-four (24) months, becoming effective upon the date that this Recommended Decision becomes the Final Order of the Commission. Commission Staff further recommended that the Staff's proposed rates and charges and other tariff provisions become effective upon the completion of the project. (See, Staff Exhibits 1A, 1, 2, and Transcript Generally).
8. Staff's recommended rates and charges have been accepted by the parties in this matter, subject to the \$2.00 surcharge revision. (See, Joint Staff Memorandum received July 14, 1992, and Joint Exhibit No. 1 received July 22, 1992).
9. The parties waived receipt of the transcript and requested that the Recommended Decision be issued as soon as possible.

CONCLUSIONS OF LAW

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

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

3. Staff's recommended rates and charges are sufficient, but not more than sufficient, to cover the reasonable and necessary operation expenses and debt service coverage needed to support the proposed project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed by White Oak Public Service District on April 6, 1992, for a certificate of convenience and necessity, to renovate its wastewater treatment facility at Harvey (near Glen Jean), Fayette County, and for approval of the rates and charges incident thereto, be, and hereby is, approved, as set forth in the Joint Stipulation as attached hereto as Appendix I, subject to the receipt of final confirmation of the WDA financing of this project.

IT IS FURTHER ORDERED that the rates, charges and other tariff provisions, excluding the \$2.00 surcharge, as recommended by Commission Staff, attached hereto as Appendix II, be, and hereby are, approved for use as of the date the project construction is completed. The Applicant is to file an appropriate tariff fifteen (15) days after the project is completed.

IT IS FURTHER ORDERED that the \$2.00 surcharge be, and hereby is, approved to become effective as of the date that this Recommended Decision becomes a Final Order of the Commission and is to continue for a period of twenty-four (24) months. The Applicant is to file a revised tariff, within ten (10) days of the date that this Recommended Decision becomes a Final Order of the Commission, reflecting the approved \$2.00 surcharge which is to last for a period of twenty-four (24) months.

IT IS FURTHER ORDERED that the financing for the project, being a Small Cities Block Grant, in the amount of \$725,000, and a Water Development Authority Loan, in the amount of \$330,000, with an interest rate of 7.5%, be, and hereby is, approved as permanent financing for this project.

IT IS FURTHER ORDERED that, if there is a change in any of the terms, conditions or scheduling of the project or the financing, the White Oak Service District shall notify the Public Service Commission immediately and it shall file for Commission approval of the revised project or financing.

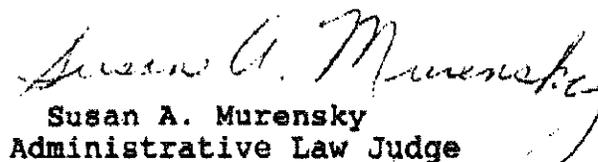
IT IS FURTHER ORDERED that the District promptly notify the Commission of the date the construction of the project approved by this Recommended Decision is actually completed.

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

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

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

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


Susan A. Murensky
Administrative Law Judge

SAM: jas

APPENDIX I

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

CASE NO. 91-705-PSD-CN

**WHITE OAK PUBLIC SERVICE DISTRICT,
a public corporation**

**Application for certificate of convenience
and necessity to renovate its waste water
facility at Harvey, Fayette County**

Pursuant to West Virginia Code §24-1-9 and Rule 13.4 of the Rules of Practice and Procedure of the Public Service Commission of West Virginia ("Commission"), White Oak Public Service District ("White Oak") and the staff of the Commission ("Staff"), parties in the above-styled case, join in this joint stipulation and, in support thereof, respectfully state as follows:

1. On the 20th day of September, 1991, White Oak Public Service District prefiled with the Commission its plans and supporting information for renovation of its wastewater treatment facility at Harvey, Fayette County, West Virginia, and, further, caused to be published as a Class II legal advertisement in a newspaper published and of general circulation in Fayette County a notice of such prefiling.

2. On April 6, 1992, White Oak filed its application, duly verified, for a Certificate of Convenience and Necessity to renovate said wastewater treatment facility and for approval of rates and charges incidental thereto.

3. By Order entered on April 7, 1992, the District was

directed to give notice of the filing of said application by publishing a copy of the order in two newspapers published and of general circulation in Fayette County. Said order further required that anyone desiring to make objection to said application was ordered to do so in writing within 30 days after the publication of the notice. One protest was received to the application.

4. On April 30, 1992, the initial joint staff memorandum of J. Joseph Watkins, staff attorney, was filed with the Commission.

5. By Order entered May 7, 1992, the Commission referred this proceeding to the Division of Administrative Law Judges for processing and resolution. The Division of Administrative Law Judges was ordered to render its decision in this matter on or before November 2, 1992.

6. On June 11, 1992, an Affidavit of Publication was received indicating that publication was made on April 15, 1992, in the Montgomery Herald, a newspaper published and of general circulation in Fayette County.

7. On June 23, 1992, the Commission received a further Joint Staff Memorandum from Commission staff.

8. On June 25, 1992, the Commission received a Motion for Expedited Treatment and Consideration of Case filed by White Oak.

9. By Order entered on July 8, 1992, this application was set down for hearing in the Commissioner's Hearing Room, 201 Brooks Street, Charleston, West Virginia, on July 22, 1992, at 10:00 a.m. It was further ordered that White Oak publish Notice of said hearing as a Class II legal advertisement prior to July 22, 1992,

in a newspaper published and of general circulation in Fayette County, making return to the Commission a proper Certification of Publication no later than July 22, 1992.

10. On July 14, 1992, Staff filed its final recommendations.

11. On July 16, 1992, White Oak and Staff consulted together in an attempt to simplify or narrow the issues pursuant to West Virginia Code §24-1-9 and the policies of the Commission relating to stipulation and settlement in Commission cases. As a result of these discussions and negotiations the parties agreed to and entered into this joint stipulation in total settlement of this case.

12. For purposes of settlement of this case the parties have agreed to Staff's final recommendations of July 14, 1992, as set forth in Appendix A, attached hereto, with the following exception, to-wit: The parties hereby agree that the \$2.00 surcharge recommended by Staff may be implemented by the District once the Administrative Law Judge's Recommended Decision becomes a final order of the Commission.

13. The parties agree that no further publication is required because the increase in rates recommended by the Staff is lower overall than the increase requested by White Oak and, further, that there is only a de minimis difference in rates to the minimum charge customers during the first two years (occasioned by the \$2.00 surcharge), which difference is more than offset in the third year of the recommended rates.

14. The parties agree that the present record is sufficient and adequate to support the fairness, reasonableness, justness and

lawfulness of the revenue requirement contained in this joint stipulation. The public interest will be served by prompt adoption of the settlement proposed in this joint stipulation because there will be an equitable balance between the level of rates charged to customers and the level of cash required to pay the company's operating expenses, taxes and debt service.

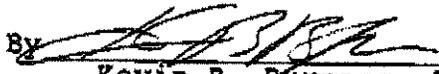
15. This joint stipulation is conditioned upon and subject to the acceptance and approval of the Administrative Law Judge and the Commission. It is expressly understood that this joint stipulation, resulting from the tariff filing, audit report, discovery and discussions reflecting compromises by the parties, is being proposed to settle this case and is made without any admission or prejudice to any positions which parties might adopt during subsequent proceedings in or related cases. The parties adopt this joint stipulation as being in the public interest without adopting any of the positions set forth herein as rate making principles applicable to other rate proceedings or to this proceeding in the event the instant stipulation is not approved by the Administrative Law Judge and the Commission. It is expressly understood by the parties that this joint stipulation is conditional and non-severable and shall have no force or effect unless adopted in its entirety by the Commission, either expressly or by operation of law pursuant to West Virginia Code §24-1-9.

Wherefore, the parties on the basis of all the foregoing respectfully request that The Honorable Susan A. Murensky, Presiding Administrative Law Judge, make appropriate Findings of

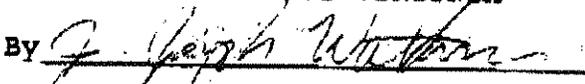
Fact and Conclusions of Law adopting and approving the settlement embodied in this joint stipulation.

Dated this the 20th day of July, 1992.

WHITE OAK PUBLIC SERVICE DISTRICT

By 
Kevin B. Burgess, Counsel

STAFF OF THE PUBLIC SERVICE
COMMISSION OF WEST VIRGINIA

By 

APPENDIX II

WHITE OAK PUBLIC SERVICE DISTRICT
CASE NO. 91-705-PSD-CNAPPROVED RATES AND CHARGES

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES (Based on the metered amount of water used)

First	2,000 gallons used per month	\$3.60 per 1,000 gallons
Next	28,000 gallons used per month	2.70 per 1,000 gallons
Over	30,000 gallons used per month	1.50 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than \$7.20 per month.

FLAT RATE CHARGE

Each unmetered customer shall be charged a flat rate of \$13.95 per month.

DELAYED PAYMENT PENALTY

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

WATER DISCONNECTION - RECONNECTION FEES

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of \$20.00 shall be charged. A \$20.00 reconnection fee shall be charged.

CONNECTION CHARGE

The Public service District will cause to be charged a tapping fee of \$100.00 for each entrance onto the sewage system. Connection to the system is mandatory.

SURCHARGE FOR ELIMINATION OF INFLOW/INFILTRATION FOR A PERIOD OF 24 MONTHS TO COMMENCE ONCE THE ADMINISTRATIVE LAW JUDGE'S RECOMMENDED DECISION BECOMES A FINAL ORDER OF THE COMMISSION

\$2.00 PER MONTH

JUL 23 1992

Public Service Commission
Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323



Phone: (304) 340-0300
FAX: (304) 340-0325

July 23, 1992

Kevin B. Burgess, Esq.
Hamilton, Burgess, Young, Tissue & Pollard
P. O. Box 1145
Oak Hill, West Virginia 25901

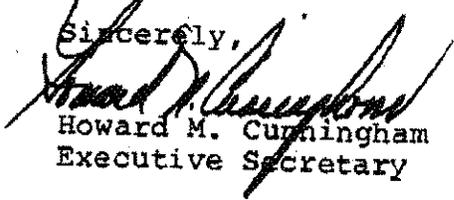
Re: Case No. 91-705-PSD-CN

Dear Mr. Burgess:

We are enclosing herewith two (2) copies of an order entered by the Commission today which waives the 15-day period for filing exceptions to the July 22, 1992 order in the above proceeding.

The recommended decision will become the final order of the Commission at 5:00 p.m., July 28, 1992.

Sincerely,


Howard M. Cunningham
Executive Secretary

HMC/s
Encl.

JUL 24 1992

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 23rd day of July, 1992.

CASE NO. 91-705-PSD-CN

WHITE OAK PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate of convenience and necessity to renovate its wastewater treatment facility at Harvey (near Glen Jean), Fayette County, and for approval of rates and charges incidental thereto.

COMMISSION ORDER

On April 6, 1992, White Oak Public Service District, a public utility, Scarbro, Fayette County, filed an application, duly verified, for a certificate of convenience and necessity to renovate its wastewater treatment facility at Harvey (near Glen Jean), Fayette County. The District estimated that construction would cost approximately \$947,250, and will be financed by a Small Cities Block Grant in the amount of \$617,250; and a loan from the Water Development Authority in the amount of \$330,000. The District also requested approval of proposed rates and charges for the project.

By order entered by the Commission on May 7, 1992, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before November 2, 1992. On July 22, 1992, a public hearing on this application was held in Charleston, West Virginia, before Administrative Law Judge Susan A. Murensky.

At the July 22, 1992 hearing, White Oak Public Service District appeared by counsel Kevin B. Burgess, Esq. Appearing on behalf of Commission Staff was J. Joseph Watkins, Esq. No persons appeared to protest or intervene in this matter. The parties jointly moved that the Joint Stipulation be received into evidence, as Joint Exhibit No. 1.

On July 22, 1992, the Administrative Law Judge entered a recommended decision in this proceeding which approved the application in question. Later, on July 22, 1992, Kevin B. Burgess, Esq., counsel for White Oak Public Service District; and J. Joseph Watkins, Esq., counsel for Commission Staff, filed separate petitions with the Commission seeking a waiver of the 15-day period for filing exceptions to the aforesaid recommended decision, and requesting that the recommended decision become the final decision of the Commission within five (5) days of the approval of such waiver.

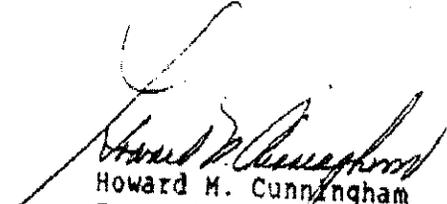
West Virginia Code §24-1-9 provides for a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to §24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, §24-1-9 provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order.

The Commission is therefore of the opinion and belief that said petitions of waiver received July 22, 1992, should be granted.

IT IS, THEREFORE, ORDERED that the requested waivers be, and they hereby are, granted.

IT IS FURTHER ORDERED that the Administrative Law Judge's Recommended Decision in this matter become final five (5) days after the date of this order.

A True Copy, Teste:


Howard M. Cunningham
Executive Secretary

HMC/s

*Public Service Commission
Of West Virginia*

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323



Phone: (304) 340-0300
FAX: (304) 340-0325

August 7, 1992

John R. Parrish, Chairman
White Oak Public Service District
P.O. Box 358
Scarbro, WV 25917

Re: Case No. 91-705-PSD-CN
White Oak Public Service District

Dear Chairman Parrish:

Please be advised that the Staff of the Public Service Commission has reviewed the Recommended Decision of July 22, 1992, and the Commission Order of July 23, 1992, and has determined that it will not appeal the decision.

As no other parties appeared in protest or as intervenors at the July 22, 1992, hearing, it may be concluded that unless the White Oak Public Service District intends to appeal the Commission's Order, the Administrative Law Judge's Recommended Decision will remain final.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Joseph Watkins".

J. JOSEPH WATKINS
Staff Attorney
(304) 340-0339

JJW/mh

cc: Kevin B. Burgess, Esq.
Francesca Tan, Esq.

WHITE OAK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and JOHN R. PARRISH, Chairman of White Oak Public Service District (the "Issuer"), hereby certify as follows:

1. On the 12th day of August, 1992, the Authority received the entire original issue of \$330,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 A and Series 1992 B, of the Issuer (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated August 12, 1992, the Series 1992 A Bond being in the principal amount of \$319,355 and the Series 1992 B Bond being in the principal amount of \$10,645.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by John R. Parrish, as Chairman of the Issuer, and by Delma J. Sparks, as Secretary of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Series 1992 A Bonds in the aggregate principal amount of \$319,355 and proceeds of the Series 1992 B Bonds in the aggregate principal amount of \$10,645 (100% of par value), there being no interest accrued on either series.

6

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and WHITE OAK PUBLIC SERVICE DISTRICT has caused this receipt to be duly executed and delivered by its Chairman, as of this 12th day of August, 1992.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Barbara B. Meadows
Secretary-Treasurer

WHITE OAK PUBLIC SERVICE DISTRICT

By John R. Parrish
Chairman

08/07/92
WOSJ.H2
97070/90001

WHITE OAK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

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 White Oak Public Service District Sewer Revenue Bonds, Series 1992 A, in the principal amount of \$319,355, and Bond No. BR-1, constituting the entire original issue of the White Oak Public Service District Sewer Revenue Bonds, Series 1992 B, in the principal amount of \$10,645, both dated August 12, 1992 (collectively, the "Bonds"), executed by the Chairman and Secretary of White Oak Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Resolution and Supplemental Resolution duly adopted by the Issuer (collectively, the "Local Act");

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

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated August 12, 1992, and both by and between West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"); and

(4) Signed opinions 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 \$330,000, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be

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

Dated this 12th day of August, 1992.

WHITE OAK PUBLIC SERVICE DISTRICT

By John R. Parrish
Its Chairman

08/08/92
WOSJ.13
97070/90001

C

C

.....

(SPECIMEN SERIES 1992 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WHITE OAK PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1992 A

No. AR-1

\$319,355

KNOW ALL MEN BY THESE PRESENTS: That WHITE OAK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of THREE HUNDRED NINETEEN THOUSAND THREE HUNDRED FIFTY-FIVE DOLLARS (\$319,355), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1992. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated August 12, 1992.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on August 10, 1992, and a Supplemental Resolution duly adopted by the Issuer on August 10, 1992 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1992 B, of the Issuer (the "Series 1992 B Bonds"), issued in the aggregate principal amount of \$10,645, which Series 1992 B Bonds are junior and subordinate with respect to liens, pledge and source of and security for, payment, and in all respects, to the Bonds.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE ISSUER:

(i) SEWERAGE SERVICES REVENUE BOND,
SERIES A, NO. 1, DATED NOVEMBER 13, 1968, ISSUED
IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF
\$429,000 (THE "NO. 1 BOND") AND

(ii) SEWERAGE SERVICES REVENUE BOND,
SERIES A, NO. 2, DATED NOVEMBER 13, 1968, ISSUED
IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF
\$40,000 (THE "NO. 2 BOND").

THE NO. 1 BOND AND THE NO. 2 BOND ARE HEREIN COLLECTIVELY REFERRED TO AS 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 Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 A Bonds Reserve Account") and unexpended proceeds of the Bonds and the Series 1992 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1992 A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1992 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1992 B Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1992 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1992 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1992 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1992 B 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, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

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

IN WITNESS WHEREOF, WHITE OAK 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 August 12, 1992.

[SEAL]

Chairman

ATTEST:

Secretary

qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

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

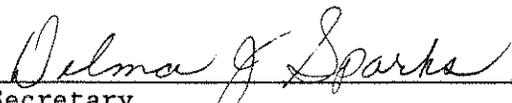
All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, WHITE OAK 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 August 12, 1992.

[SEAL]


Chairman

ATTEST:


Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 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: August 12, 1992

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By Charlotte S. Meyer
Its Authorized Officer

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

**West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1991 A Pool
Debt Service Schedule - White Oak Public Service District**

Closing 8/12/92

Interest Bearing Loan: \$319,355.00

<u>Date</u>	<u>Coupon</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
10/1/92	7.75%	0.00	3,368.75	3,368.75
10/1/93	7.75%	1,424.00	24,750.01	26,174.01
10/1/94	7.75%	1,535.00	24,639.65	26,174.65
10/1/95	7.75%	1,654.00	24,520.69	26,174.69
10/1/96	7.75%	1,782.00	24,392.51	26,174.51
10/1/97	7.75%	1,920.00	24,254.40	26,174.40
10/1/98	7.75%	2,069.00	24,105.60	26,174.60
10/1/99	7.75%	2,229.00	23,945.25	26,174.25
10/1/00	7.75%	2,402.00	23,772.51	26,174.51
10/1/01	7.75%	2,588.00	23,586.35	26,174.35
10/1/02	7.75%	2,788.00	23,385.78	26,173.78
10/1/03	7.75%	3,004.00	23,169.71	26,173.71
10/1/04	7.75%	3,237.00	22,936.90	26,173.90
10/1/05	7.75%	3,488.00	22,686.03	26,174.03
10/1/06	7.75%	3,759.00	22,415.71	26,174.71
10/1/07	7.75%	4,050.00	22,124.39	26,174.39
10/1/08	7.75%	4,364.00	21,810.52	26,174.52
10/1/09	7.75%	4,702.00	21,472.31	26,174.31
10/1/10	7.75%	5,066.00	21,107.90	26,173.90
10/1/11	7.75%	5,459.00	20,715.29	26,174.29
10/1/12	7.75%	5,882.00	20,292.21	26,174.21
10/1/13	7.75%	6,338.00	19,836.36	26,174.36
10/1/14	7.75%	6,829.00	19,345.16	26,174.16
10/1/15	7.75%	7,358.00	18,815.92	26,173.92
10/1/16	7.75%	7,929.00	18,245.67	26,174.67
10/1/17	7.75%	8,543.00	17,631.17	26,174.17
10/1/18	7.75%	9,205.00	16,969.09	26,174.09
10/1/19	7.75%	9,919.00	16,255.70	26,174.70
10/1/20	7.75%	10,687.00	15,486.98	26,173.98
10/1/21	7.75%	11,516.00	14,658.74	26,174.74
10/1/22	7.75%	12,408.00	13,766.25	26,174.25
10/1/23	7.75%	13,370.00	12,804.63	26,174.63
10/1/24	7.75%	14,406.00	11,768.45	26,174.45
10/1/25	7.75%	15,522.00	10,651.99	26,173.99
10/1/26	7.75%	16,725.00	9,449.03	26,174.03
10/1/27	7.75%	18,021.00	8,152.85	26,173.85
10/1/28	7.75%	19,418.00	6,756.22	26,174.22
10/1/29	7.75%	20,923.00	5,251.32	26,174.32
10/1/30	7.75%	22,544.00	3,629.79	26,173.79
10/1/31	7.75%	24,292.00	1,882.63	26,174.63
		<u>319,355.00</u>	<u>704,810.42</u>	<u>1,024,165.42</u>

Prepared 7/28/92

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:

(SPECIMEN SERIES 1992 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
WHITE OAK PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1992 B

No. BR-1

\$10,645

KNOW ALL MEN BY THESE PRESENTS: That WHITE OAK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TEN THOUSAND SIX HUNDRED FORTY-FIVE DOLLARS (\$10,645), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated August 12, 1992.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on August 10, 1992, and a Supplemental Resolution duly adopted by the Issuer on August 10, 1992

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

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING SEWER REVENUE BONDS OF THE ISSUER:

(i) SEWERAGE SERVICES REVENUE BOND, SERIES A, NO. 1, DATED NOVEMBER 13, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$429,000 (THE "NO. 1 BOND");

(ii) SEWERAGE SERVICES REVENUE BOND, SERIES A, NO. 2, DATED NOVEMBER 13, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$40,000 (THE "NO. 2 BOND"); AND

(iii) SEWER REVENUE BONDS, SERIES 1992 A, ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$319,355 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1992 A BONDS").

THE NO. 1 BOND AND THE NO. 2 BOND ARE HEREIN COLLECTIVELY REFERRED TO AS 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, after there has first been paid from said Net Revenues all payments then due and owing on account of the Prior Bonds and the Series 1992 A Bonds, and from all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1992 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services

rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1992 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there exists in the Series 1992 B Bonds Reserve Account and the reserve account established for the Series 1992 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1992 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1992 A Bonds.

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

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

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

IN WITNESS WHEREOF, WHITE OAK 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 August 12, 1992.

[SEAL]

Chairman

ATTEST:

Secretary

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

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

IN WITNESS WHEREOF, WHITE OAK 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 August 12, 1992.

[SEAL]

John R. Parrish
Chairman

ATTEST:

Delma J. Sparks
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 12, 1992

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By Charlotte M. Morgan
Its Authorized Officer

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

West Virginia Water Development Authority
Interest Free Local Loan from Series 1991 A Pool
Debt Service Schedule - White Oak Public Service District

Closing 8/12/92

Interest Free Loan: \$10,645.00

Date	Interest Free Loan	Debt Service
10/1/92	0.00	0.00
10/1/93	272.95	272.95
10/1/94	272.95	272.95
10/1/95	272.95	272.95
10/1/96	272.95	272.95
10/1/97	272.95	272.95
10/1/98	272.95	272.95
10/1/99	272.95	272.95
10/1/00	272.95	272.95
10/1/01	272.95	272.95
10/1/02	272.95	272.95
10/1/03	272.95	272.95
10/1/04	272.95	272.95
10/1/05	272.95	272.95
10/1/06	272.95	272.95
10/1/07	272.95	272.95
10/1/08	272.95	272.95
10/1/09	272.95	272.95
10/1/10	272.95	272.95
10/1/11	272.95	272.95
10/1/12	272.95	272.95
10/1/13	272.95	272.95
10/1/14	272.95	272.95
10/1/15	272.95	272.95
10/1/16	272.95	272.95
10/1/17	272.95	272.95
10/1/18	272.95	272.95
10/1/19	272.95	272.95
10/1/20	272.95	272.95
10/1/21	272.95	272.95
10/1/22	272.95	272.95
10/1/23	272.95	272.95
10/1/24	272.95	272.95
10/1/25	272.95	272.95
10/1/26	272.95	272.95
10/1/27	272.95	272.95
10/1/28	272.95	272.95
10/1/29	272.95	272.95
10/1/30	272.95	272.95
10/1/31	272.90	272.90
	<u>10,645.00</u>	<u>10,645.00</u>

Prepared 7/28/92

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

SIXTH FLOOR

UNION NATIONAL CENTER EAST

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FACSIMILE (304) 598-8116

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FACSIMILE (304) 725-1913

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(301) 791-6620
FACSIMILE (301) 739-3948

WRITER'S DIRECT DIAL NUMBER

August 12, 1992

White Oak Public Service District Sewer Revenue Bonds, Series 1992 A

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

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by White Oak 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 \$319,355 Sewer Revenue Bonds, Series 1992 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 12, 1992, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1992, at the rate of 7.75% per annum, and with principal installments payable on October 1 in each of the years 1993 through 2031, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Local Statute"), 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) paying interest on the Local Bonds during the construction of the Project and for not more than 6 months thereafter; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond and notes resolution duly adopted by the Issuer on August 10, 1992, as supplemented by a supplemental resolution adopted August 10, 1992 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewerage Services Revenue Bond, Series A, No. 1, dated November 13, 1968, issued in the original principal amount of \$429,000 and the Sewerage Services Revenue Bond, Series A, No. 2, dated November 13, 1968, issued in original principal amount of \$40,000, all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Local Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for purposes of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of

1986, as amended, that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Local Bonds in gross income for federal income tax purposes, retroactive to the date of issuance of the Local Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

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

7. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered July 22, 1992 (Case No. 91-705-PSD-CN), granting to the Issuer a certificate of public convenience and necessity has not expired prior to the date hereof. However, the Public Service Commission of West Virginia entered an order on July 23, 1992 (Case No. 91-705-PSD-CN), granting the respective petitions of the Issuer and the staff of the Public Service Commission of West Virginia to waive the 15-day period for filing exceptions to the Final Order. In addition, the staff of the Public Service Commission of West Virginia has stated in a letter dated August 7, 1992, among other things, that it does not intend to appeal such Final Order. The Issuer has certified that it does not intend to appeal such Final Order. The Issuer and the Public Service Commission of West Virginia are the only parties to Case No. 91-705-PSD-CN. The Final Order is not subject to appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

It is to be understood that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds, the Loan Agreement, the Local Act 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 Local Bond numbered AR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,



STEPTOE & JOHNSON

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

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August 12, 1992

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THE BRYAN CENTRE
82 WEST WASHINGTON STREET, SUITE 401
HAGERSTOWN, MARYLAND 21740-4804
(301) 791-6620
FACSIMILE (301) 739-3948

WRITER'S DIRECT DIAL NUMBER

White Oak Public Service District Sewer Revenue Bonds, Series 1992 B

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

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by White Oak 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 \$10,645 Sewer Revenue Bonds, Series 1992 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated August 12, 1992, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1993 through 2031, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement and incorporated in and made part of the Supplemental Bonds.

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

The Supplemental Loan Agreement is supplemental to a loan agreement also dated August 12, 1992, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to liens, pledge and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1992 A" (the

"Local Bonds"), issued simultaneously herewith in the aggregate principal amount of \$319,355, and to the Issuer's Sewerage Services Revenue Bonds, Series A, No. 1, dated November 13, 1968, issued in the original principal amount of \$429,000 and the Sewerage Services Revenue Bond, Series A, No. 2, dated November 13, 1968, issued in the original principal amount of \$40,000 (collectively, the "Prior Bonds").

We have also examined the applicable provisions of the Local Statute, the bond and notes resolution duly adopted by the Issuer on August 10, 1992, as supplemented by a supplemental resolution adopted August 10, 1992 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

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

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

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

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, junior and subordinate only to the Prior Bonds and the Local Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

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

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

7. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered July 22, 1992 (Case No. 91-705-PSD-CN), granting to the Issuer a certificate of public convenience and necessity has not expired prior to the date hereof. However, the Public Service Commission of West Virginia entered an order on July 23, 1992 (Case No. 91-705-PSD-CN), granting the respective petitions of the Issuer and the staff of the Public Service Commission of West Virginia to waive the 15-day period for filing exceptions to the Final Order. In addition, the staff of the Public Service Commission of West Virginia has stated in a letter dated August 7, 1992, among other things, that it does not intend to appeal such Final Order. The Issuer has certified that it does not intend to appeal such Final Order. The Issuer and the Public Service Commission of West Virginia are the only parties to Case No. 91-705-PSD-CN. The Final Order is not subject to appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

It is to be understood that the rights of the holders of the Supplemental Bonds and the enforceability of the Supplemental Bonds, the Supplemental Loan Agreement, the Local Act 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 Supplemental Bond numbered BR-1, and in our opinion the form of such bond and its execution and authentication are regular and proper.

Very truly yours,



STEPTOE & JOHNSON

08/10/92
WOSJ.K3
97070/90001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

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FACSIMILE (304) 263-4785

August 12, 1992

White Oak Public Service District Sewer Revenue Bonds, Series 1992 A

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

Ladies and Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$319,355 aggregate principal amount of Sewer Revenue Bonds, Series 1992 A (the "Local Bonds"), of White Oak Public Service District (the "Issuer"), and a Certificate as to Arbitrage executed by the Chairman of the Issuer on this date.

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

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

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

West Virginia Water Development Authority
Page 2

the Local Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Local Bonds.

Very truly yours,

Stephoe & Johnson

STEPTOE & JOHNSON

08/10/92
WOSJ.L3
97070/90001

HAMILTON, BURGESS, YOUNG, TISSUE & POLLARD

ATTORNEYS AT LAW

ONE HAMILTON PLACE

OAK HILL, WEST VIRGINIA 25901

TELEPHONE 304-469-2991

PAT R. HAMILTON
OF COUNSEL

P.O. BOX 1145
FAX 304-465-8413

KEVIN B. BURGESS
RALPH C. YOUNG
PHILIP J. TISSUE
LYNN B. POLLARD

August 12, 1992

White Oak Public Service District
Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

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

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26301

Ladies and Gentlemen:

We are counsel to White Oak Public Service District, a public service district, in Fayette County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated August 12, 1992, by and between West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer and orders of The County Commission of Fayette County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

We are of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer in accordance with its terms.
3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken

the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Local Act 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 Local Act, 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 Fayette County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The time for appeal of the Final Order of the Public Service Commission of West Virginia entered July 22, 1992, in Case No. 91-705-PSD-CN, among other things, approving and consenting to the issuance of the Bonds and granting to the Issuer a certificate of public convenience and necessity for the Project has not expired prior to the date hereof. However, the Public Service Commission of West Virginia entered an order on July 23, 1992, in Case No. 91-705-PSD-CN, granting the respective petitions of the Issuer and the staff of the Public Service Commission of West Virginia to waive the 15-day period for filing exceptions to the Final Order. In addition, the staff of the Public Service Commission of West Virginia has stated in a letter dated August 7, 1992, among other things, that it does not intend to appeal such Final Order. The Issuer has certified that it does not intend to appeal such Final Order. The Issuer and the Public Service Commission of West Virginia are the only parties to Case No. 91-705-PSD-CN. The Final Order is not subject to appeal, further hearing, rehearing or reopening by any customer, protestant, intervenor or other person not a party to the original application.

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

8. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds and the Local Act, the acquisition and construction of the



WHITE OAK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

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. GRANT
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of White Oak Public Service District, in Fayette County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$330,000 aggregate principal amount of White Oak Public Service District Sewer Revenue Bonds, Series 1992 A and Series 1992 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and Notes Resolution of the Issuer adopted August 10, 1992, and a Supplemental Resolution adopted August 10, 1992 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Grant Receipts or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants 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, the receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

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

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

There are outstanding obligations of the Issuer which will rank either senior and prior to, on parity with, or junior and subordinate to the Bonds as to liens, pledge, source of and security for payment, which obligations are designated and have the respective lien positions, together with the Bonds, as follows:

<u>Designation</u>	<u>Lien Position</u>
Sewerage Services Revenue Bond, Series A, No. 1, dated November 13, 1968, issued in the original aggregate principal amount of \$429,000 (the "No. 1 Bond")	First Lien
Sewerage Services Revenue Bond, Series A, No. 2, dated November 13, 1968, issued in the original aggregate principal amount of \$40,000 (the "No. 2 Bond")	First Lien
Sewer Revenue Bonds, Series 1992 A (the "Series 1992 A Bonds")	First Lien
Sewer Revenue Bonds, Series 1992 B (the "Series 1992 B Bonds")	Second Lien

The No. 1 Bond and the No. 2 Bond are hereinafter collectively called the "Prior Bonds."

The Series 1992 A Bonds shall be issued on a parity with the Prior Bonds, and senior and prior to the Series 1992 B Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Series 1992 B Bonds shall be issued junior and subordinate to the Prior Bonds and the Series 1992 A Bonds with respect to liens, pledge and source of and security for payment and in all other respects.

Other than the Prior Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Bonds as to liens, pledge and/or source of and security for payment. The Issuer has outstanding its \$29,921.34 loan from One Valley Bank of Oak Hill, Inc., secured by a deed of trust dated July 23, 1991. While this loan is payable from revenues of the System, it is not entitled to any lien on or pledge of revenues of the System or a statutory mortgage lien thereon.

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

Orders of County Commission proposing and creating Public Service District and Affidavit of Publication.

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

Oaths of Office of current members of Public Service Board.

Bond and Notes Resolution.

Supplemental Resolution.

Rules of Procedure of Public Service Board.

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

Minutes of Organizational Meeting of Public Service Board - Current Year.

Minutes on Adoption of Bond and Notes Resolution and Supplemental Resolution.

Loan Agreement and Supplemental Loan Agreement.

Evidence of Small Cities Block Grant.

Public Service Commission Orders entered July 22, 1992, and July 23, 1992, and letter on no appeal dated August 7, 1992.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "White Oak Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Fayette 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:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Edward Chornobay	January 1, 1988	January 1, 1994
Alfred Gannon	January 1, 1990	January 1, 1996
John R. Parrish	January 1, 1992	January 1, 1998

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1992 are as follows:

Chairman	-	John R. Parrish
Secretary	-	Delma J. Sparks
Treasurer	-	Stephen L. Davis

The duly appointed and acting counsel to Issuer is Hamilton, Burgess, Young, Tissue & Pollard, Oak Hill, 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 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 rights of way and easements relating to the operation and maintenance of the System, not heretofore properly acquired, can be acquired by purchase, or, if necessary, by condemnation by the Issuer. 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 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 Local Act. All insurance for the System required by the Local Act is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost. The Issuer shall deliver to the Authority evidence of a fidelity bond covering the person or persons who shall have access or control over the Issuer's funds.

10. GRANT: As of the date hereof, the grant from the Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of \$725,000 is in full force and effect.

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

12. RATES: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on July 22, 1992 (Case No. 91-705-PSD-CN), among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving and rates and charges for the services of the System and approving and consenting to the issuance of the Bonds and the financing for the Project, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has not expired prior to the date hereof. However, the Public Service Commission of West Virginia entered an order on July 23, 1992 (Case No. 91-705-PSD-CN), granting the respective petitions of the Issuer and the staff of the Public Service Commission of West Virginia to waive the 15-day period for filing exceptions to the Final Order. In addition, the staff of the Public Service Commission of West Virginia has stated in a letter dated August 7, 1992, among other things, that it does not intend to appeal such Final Order. The Issuer will not appeal such Final Order. The Issuer and the Public Service Commission of West Virginia are the only parties to Case No. 91-705-PSD-CN. The Final Order is not subject to appeal, further hearing, rehearing or

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

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, all dated August 12, 1992, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed purchase price of the Bonds, being \$330,000 (100% of par value), there being no interest accrued thereon.

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

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

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

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

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

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

WITNESS our signatures and the official seal of WHITE OAK PUBLIC SERVICE DISTRICT on this 12th day of August, 1992

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

John R. Parrish

Chairman

Delma Q. Sparks

Secretary

[Signature]

Counsel to Issuer

08/08/92
WOSJ.N3 97070/90001

WHITE OAK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1992 A

CERTIFICATE AS TO ARBITRAGE

I, JOHN R. PARRISH, Chairman of the Public Service Board of White Oak Public Service District, in Fayette County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$319,355 aggregate principal amount of Sewer Revenue Bonds, Series 1992 A, of the Issuer, dated August 12, 1992 (the "Local 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, hereinafter defined. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 12, 1992, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

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

6. The Local Bonds and the Series 1992 B Bonds (the "Supplemental Bonds"), which Supplemental Bonds bear no interest, were sold on August 12, 1992, to West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$10,645 (100% of par), there being no accrued interest paid thereon. The Supplemental Bonds are junior and subordinate to the Local Bonds. The Local Bonds and the Supplemental Bonds are collectively herein referred to as the "Bonds."

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

8. The Issuer shall, within 30 days following delivery of the Bonds, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the respective Reserve Accounts 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 April, 1993, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Construction of the Project is expected to be completed by April, 1993.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$1,055,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of Local Bonds	\$ 319,355
Gross Proceeds of Supplemental Bonds	10,645
Small Cities Block Grant	<u>725,000</u>
Total Sources	<u>\$1,055,000</u>

USES

Acquisition and Construction of Project	\$1,018,000
Capitalized Interest on Local Bonds	27,000
Funded Reserve for Local Bonds	-0-
Funded Reserve for Supplemental Bonds	-0-
Costs of Issuance of Bonds	<u>10,000</u>
Total Uses	<u>\$1,055,000</u>

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

10. Pursuant to Article V of the Bond and Notes Resolution pursuant to which the Bonds are issued, the following special funds or accounts have been created or continued:

- (1) Revenue Fund (continued);
- (2) Operation and Maintenance Fund (continued);
- (3) Bond Fund (continued);
- (4) Reserve Fund (continued);
- (5) Renewal and Replacement Fund;
- (6) Bond Construction Trust Fund;

(7) Rebate Fund;

(8) Series 1992 A Bonds Sinking Fund, and within the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account; and

(9) Series 1992 B Bonds Sinking Fund, and within the Series 1992 B Bonds Sinking Fund, the Series 1992 B Bonds Reserve Account.

11. Pursuant to Article VI of the Bond and Notes Resolution pursuant to which the Bonds are issued, the proceeds of the Local Bonds (and the Supplemental Bonds) will be deposited as follows:

(1) Local Bonds proceeds in the amount of \$27,000 will be deposited in the Series 1992 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Local Bonds during construction of the Project and for a period not to exceed six months following completion thereof.

(2) Local Bonds proceeds in the amount of \$-0- and Supplemental Bonds proceeds in the amount of \$-0- will be deposited in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account, respectively.

(3) The balance of the proceeds of the Local Bonds and the Supplemental Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

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.

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 1992 A Bonds Sinking Fund and the Series 1992 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and the Supplemental Bonds, respectively, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1992 A Bonds Sinking Fund

and Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Sinking Fund and Series 1992 B 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 in full, first to the next ensuing interest payments, if any, due on the respective series of Local Bonds and Supplemental Bonds, and then to the next ensuing principal payments due thereon.

13. Except for the Series 1992 A Bonds Sinking Fund and the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Sinking Fund and Series 1992 B 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 Local Bonds or the Supplemental Bonds, respectively, or which are pledged as collateral for the Local Bonds or the Supplemental Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds or the Supplemental Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Rebate Fund or the Renewal and Replacement Fund will be used or needed for payments upon the Bonds are available 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 Local Bonds will be deposited in the Series 1992 A Bonds Reserve Account or any other reserve or replacement fund, and less than 10% of the proceeds of the Supplemental Bonds will be deposited in the Series 1992 B Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Local Bonds and the Supplemental Bonds, respectively, and will not exceed 125% of average annual principal and interest on the Local Bonds and the Supplemental Bonds, respectively. Amounts in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account, not to exceed 10% of the proceeds of the Local Bonds and the Supplemental Bonds, respectively, if invested, will be invested without yield limitation. The establishment of the

Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account are required by the Authority, are vital to its purchase of the Local Bonds and the Supplemental Bonds, respectively, and are reasonably required to assure payments of debt service on the Local Bonds and the Supplemental Bonds, respectively.

14. The Issuer expects to enter into a contract within 6 months of the date hereof, or has already entered into such a contract, for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds 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 8 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 1992 A Bonds Sinking Fund for payment of interest on the Local Bonds, if any, and amounts deposited in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 8 months from the date of issuance thereof.

18. The Series 1992 A Bonds Sinking Fund and the Series 1992 B Bonds Sinking Fund (other than the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account therein) are intended primarily to achieve a proper matching of payments of debt service on the Local Bonds and the Supplemental Bonds, respectively, each year. The Series 1992 A Bonds Sinking Fund and the Series 1992 B Bonds Sinking Fund (other than the Series 1992 A Bonds Reserve Account and the Series 1992 B 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 Local Bonds or the Supplemental Bonds, respectively, or 1 year's interest earnings on the Series 1992 A Bonds Sinking Fund and the Series 1992 B Bonds Sinking Fund (other than the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1992 A Bonds Sinking Fund and in the Series 1992 B Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds and the Supplemental Bonds, respectively (other than the Series 1992 A Bonds Reserve Account and Series 1992 B 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.

19. All the proceeds of the Local Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of August 27, 1991.

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

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

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

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

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

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

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

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

28. The Issuer will rebate to the United States the amount, if any, required by the Code and 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 on the Bonds from gross income for federal income tax purposes.

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

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

31. The Issuer has either (a) funded the Series 1992 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then current or any succeeding year with the proceeds of the Local Bonds, or (b) created the Series 1992 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1992 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then current or any succeeding year. Moneys in the Series 1992 A Bonds Reserve Account and the Series 1992 A Bonds Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Local Bonds and will not be available to pay costs of the Project.

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

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

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

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

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

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

37. No portion of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used, directly or

indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

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

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

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

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

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

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

IN WITNESS WHEREOF, I have set my hand this 12th day of
August, 1992.

WHITE OAK PUBLIC SERVICE DISTRICT

By John R. Parrish
Its Chairman

08/10/92
WOSJ.03
97070/90001

WHITE OAK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

ENGINEER'S CERTIFICATE

I, ARNOLD RAY TILLEY, Registered Professional Engineer, West Virginia License No. 2065, of Stafford Consultants, Incorporated, consulting engineers, of Princeton, 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 White Oak Public Service District in Fayette County, West Virginia (the "Issuer"). Certain costs of such acquisition and construction are being financed by proceeds of the above-captioned bonds (the "Bonds") anticipated to be purchased by West Virginia Water Development Authority (the "Authority") and certain grant proceeds from the Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

2. I hereby certify that, to the best of my knowledge, (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm or amendments thereto and as described in the Application submitted to the Authority and approved by all necessary governmental bodies and will be situate wholly or chiefly within the boundaries of White Oak Public Service District; (ii) the Project is adequate for the purpose for which it was designed and all applicable and necessary governmental approvals, certificates, permits, exemptions, consents and authorizations for the acquisition and construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for acquisition and construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and I will ascertain with the Issuer's attorney that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of acquisition and construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for acquisition and construction of the Project; (v) the acquisition and construction of and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) with proper operation and maintenance, the useful life of the

facilities constituting the Project is not less than 40 years; (vii) based on the Rule 42 Exhibit prepared by the Issuer's accountant, the rates and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; (viii) the net proceeds of the Bonds, together with the proceeds of the grants and other moneys on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the Application submitted to the Authority as of the date of the Loan Agreement; and (ix) 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 12th day of August, 1992.

{SEAL}

STAFFORD CONSULTANTS, INCORPORATED

By 
West Virginia License No. 8065

08/05/92
WOSJ.P2
97070/90001

Jeffrey S. Feamster

Certified Public Accountant

P.O. Box 121

Lewisburg, West Virginia 24901

304-647-5980

August 12, 1992

White Oak Public Service District
Sewer Revenue Bonds
Series 1992 A and Series 1992 B

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

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia, entered July 22, 1992, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Stafford Consultants, Incorporated, consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of White Oak Public Service District, 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 1992 A and Series 1992 B, to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such Bonds, including the Issuer's Prior Bonds.

Very truly yours,



Jeffrey S. Feamster, CPA

Fayetteville, West Virginia

January 5, 1966

The County Court of Fayette County, West Virginia, met this 5th day of January, 1966, in Regular Session.

The meeting was called to order, and the roll being called, there were present, Orval Kessler, President, presiding, and the following-named Commissioners:

C. W. Stallard

James E. Lively

And there were absent: None.

James E. Lively introduced and caused to be read a proposed resolution and order entitled:

"A resolution and order fixing a date for a hearing on the petition, heretofore filed with the Clerk of this Court, to create a Public Service District within Fayette 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 that said proposed resolution and order be adopted. C. W. Stallard seconded the motion, and after due consideration the President put the question on the motion, and the roll being called, the following voted; as indicated:

Aye:	James E. Lively	Commissioner
	C. W. Stallard	Commissioner
	Orval Kessler	President

Nay: None

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

Orval Kessler
President, County Court of Fayette County,
West Virginia

Miss Sarah Hester
Clerk, County Court of Fayette County, West Virginia

A RESOLUTION AND ORDER FIXING A DATE FOR A HEARING ON THE PETITION, HERETOFORE FILED IN THE OFFICE OF THE CLERK OF THIS COURT, TO CREATE A PUBLIC SERVICE DISTRICT WITHIN FAYETTE 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 Fayette County, West Virginia, a petition to this County Court, for the creation of a Public Service District within Fayette 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 13-A of Chapter 16 of the West Virginia Code, as amended, this County Court, upon presentation of such petition, is required to fix a date for a hearing on the petition to create the proposed Public Service District;

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

Section 1. That the County Court of Fayette County, West Virginia, hereby finds and declares that there has been filed in the Office of the Clerk of this County Court, and presented by said County Court Clerk to this County Court, a petition for the creation of a Public Service District within Fayette 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, 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 13-A of Chapter 16 of the Code of West Virginia, as amended.

Section 2. That said petition, among other things, contains the following statements:

(a) The name and corporate title of said Public Service District shall be the "White Oak Public Service District".

(b) The territory to be embraced in said Public Service District shall be as follows:

"Beginning at a corner to the City of Oak Hill, said beginning corner having a longitude of 81 - 08 - 30 and a latitude of 37 - 57 - 50; thence running with the City of Oak Hill N 76 - 00 W 900.00 feet to a corner; thence continuing with the City of Oak Hill N 10 - 00 E 450.00 feet to a corner; thence leaving the City of Oak Hill and running West 7,392.00 feet to a point near Carlisle; thence running South 2,956.80 feet to a point; thence running East 3,168.00 feet to a point; thence running South 5,280.00 feet to a point; thence running East 3,432.00 feet to a point near Wingrove; thence running South 8,078.40 feet to a point near Sun having a longitude of 87 - 10 and a latitude of 37 - 55 - 25; thence running East 7,128.00 feet to a point; thence running North 3,484.80 feet to a point near Harvey; thence running East 4,857.60 feet to a point near Dunloup Creek; thence running North 3,484.80 feet to a point; thence running West 1,161.60 feet to a point near Prudence; thence running North 6,864.00 feet to a point thence running West 8,448.00 feet to a point near Whipple; thence running N 23 - 26 W 1,984.38 feet to the point of beginning and containing 6 1/2 square miles, more or less, all being situate in Fayetteville District of Fayette County, West Virginia, and containing, generally, all or parts of the communities of Whipple, Scarbro, Carlisle, Wingrove, Glen Jean, Red Star, Hilltop, Harvey and Prudence."

(c) The purpose of said public service district shall be to construct, or acquire, by purchase or otherwise, and to maintain, operate, improve and extend properties supplying sewerage services and facilities, which shall

include the collection, treatment, purification and/or disposal of liquid or solid wastes, sewage or industrial wastes, 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 the laws hereinbefore referred to, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

Section 3. That on the 26th day of January, 1966, at the hour of 9:00 o'clock, A. M., this County Court shall meet at its offices in the Fayette County Courthouse, at Fayetteville, 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 be given an opportunity to be heard for or against the creation of said Public Service District and, further, 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 Clerk of this County Court is hereby authorized and directed to cause notice of such hearing, in substantially the form hereinafter set out, to be published on January 12, 1966, in the State Sentinel, a newspaper of general circulation published in Fayette County.

NOTICE OF PUBLIC HEARING ON CREATION OF WHITE OAK PUBLIC
SERVICE DISTRICT

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Court of Fayette County, West Virginia,

and has been presented to the County Court of said county for the creation of a Public Service District within Fayetteville Magisterial District in Fayette County, for the purpose of constructing or acquiring by purchase, or otherwise, and the maintenance, operation, improvement and extension of public service properties supply sewerage services and facilities, which shall include the collection, treatment, purification and/or disposal of liquid or solid wastes, sewage or industrial wastes, within such territory and, also, outside such territory to the extent permitted by law; to be named "White Oak Public Service District," and having the following-described boundaries:

Beginning at a corner to the City of Oak Hill, said beginning corner having a longitude of 81 - 08 - 30 and a latitude of 37 - 57 - 50; thence running with the City of Oak Hill N 76 - 00 W 900.00 feet to a corner; thence continuing with the City of Oak Hill N 10 - 00 E 450.00 feet to a corner; thence leaving the City of Oak Hill and running West 7,392.00 feet to a point near Carlisle; thence running South 2,956.80 feet to a point; thence running East 3,168.00 feet to a point; thence running South 5,280.00 feet to a point; thence running East 3,432.00 feet to a point near Wingrove; thence running South 8,078.40 feet to a point near Sun having a longitude of 87 - 10 and a latitude of 37 - 55 - 25; thence running East 7,128.00 feet to a point; thence running North 3,484.80 feet to a point near Harvey; thence running East 4,857.60 feet to a point near Dunloup Creek; thence running North 3,484.80 feet to a point; thence running West 1,161.60 feet to a point near Prudence; thence running North 6,864.00 feet to a point thence running West 8,448.00 feet to a point near Whipple; thence running N 23 - 26 W 1,984.38 feet to the point of beginning and containing 6 1/2 square miles, more or less, all being situate in Fayetteville District of Fayette County, West Virginia, and containing, generally, all or parts of the communities of Whipple, Scarbro, Carlisle, Wingrove, Glen Jean, Red Star, Hilltop, Harvey and Prudence.

All persons residing in or owning or having any interest in any property in said proposed Public Service District are hereby notified that the County Court of Fayette County will conduct a public hearing on January 26, 1966, at 9:00 o'clock, A. M., in the County Courthouse, at Fayetteville, West Virginia,

at which time and place all interested persons may appear before the County Court and given an opportunity to be heard for and against the creation of the proposed Public Service District.

By order of the County Court of Fayette County, West Virginia, this 5th day of January, 1966.

Mrs. Lacy Neely
Mrs. Lacy Neely, County Court Clerk

Adopted by the said County Court this 5th day of January, 1966.

Orval Kessler
President, County Court

Attest:

Mrs. Lacy Neely
County Court Clerk

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, SS:

I, Mrs. Lacy Neely, hereby certify that I am the duly qualified and acting Clerk of the County Court of Fayette County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had on the 5th day of January, 1966, and a resolution and order then adopted, relating to the proposed creation of the White Oak Public Service District, all as shown by the official records in my office.

In witness whereof, I have hereunto affixed my official signature and the seal of said Court at Fayetteville, West Virginia, this 5th day of January, 1966.

(SEAL)

Mrs. Lacy Neely
County Court Clerk

NOTICE OF PUBLIC HEARING ON CREATION OF WHITE OAK PUBLIC
SERVICE DISTRICT

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Court of Fayette County, West Virginia, and has been presented to the County Court of said county for the creation of a Public Service District within Fayetteville Magisterial District in Fayette County, for the purpose of constructing or acquiring by purchase, or otherwise, and the maintenance, operation, improvement and extension of public service properties supplying sewerage services and facilities, which shall include the collection, treatment, purification and/or disposal of liquid or solid wastes, sewage or industrial wastes, within such territory and, also, outside such territory to the extent permitted by law; to be named "White Oak Public Service District," and having the following-described boundaries:

Beginning at a corner to the City of Oak Hill, said beginning corner having a longitude of 81 - 08 - 30 and a latitude of 37 - 57 - 50; thence running with the City of Oak Hill N 76 - 00 W 900.00 feet to a corner; thence continuing with the City of Oak Hill N 10 - 00 E 450.00 feet to a corner; thence leaving the City of Oak Hill and running West 7,392.00 feet to a point near Carlisle; thence running South 2,956.80 feet to a point; thence running East 3,168.00 feet to a point; thence running South 5,280.00 feet to a point; thence running East 3,432.00 feet to a point near Wingrove; thence running South 8,078.40 feet to a point near Sun having a longitude of 87 - 10 and a latitude of 37 - 55 - 25; thence running East 7,128.00 feet to a point; thence running North 3,484.80 feet to a point near Harvey; thence running East 4,857.60 feet to a point near Dunloup Creek; thence running North 3,484.80 feet to a point; thence running West 1,161.60 feet to a point near Prudence; thence running North 6,864.00 feet to a point thence running West 8,448.00 feet to a point near Whipple; thence running N 23 - 26 W 1,984.38 feet to the point of beginning and containing 6 1/2 square miles, more or less, all being situate in Fayetteville District of Fayette County, West Virginia, and containing, generally, all or parts of the communities of Whipple, Scarbro, Carlisle, Wingrove, Glen Jean, Red Star, Hilltop, Harvey and Prudence.

All persons residing in or owning or having any interest in any property in said proposed Public Service District are hereby notified that the County Court of Fayette County will conduct a public hearing on January 26, 1966, at 9:00 o'clock, A. M., in the County Courthouse, at Fayetteville, West Virginia, at which time and place all interested persons may appear before the County Court and given an opportunity to be heard for and against the creation of the proposed Public Service District.

By order of the County Court of Fayette County, West Virginia, this 5th day of January, 1966.

Mrs. Lacy Neely
Mrs. Lacy Neely, County Court Clerk

Adopted by the said County Court this 5th day of January, 1966.

Orval Kessler
Orval Kessler, President, County Court

Mrs. Lacy Neely
Attest: Mrs. Lacy Neely, Clerk

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

In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the 19 day of MAY, 1966

H. E. JANNEY, Clerk
By *Stephanie J. Harris* Deputy

**NOTICE OF PUBLIC HEARING
ON CREATION OF WHITE OAK
PUBLIC SERVICE DISTRICT**

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Court of Fayette County, West Virginia, and has been presented to the County Court of said county for the creation of a Public Service District within Fayetteville Magisterial District in Fayette County, for the purpose of constructing or acquiring by purchase, or otherwise, and the maintenance, operation, improvement and extension of public service properties supplying sewerage services and facilities, which shall include the collection, treatment, purification and/or disposal of liquid or solid wastes, sewage or industrial wastes, within such territory and, also outside such territory to the extent permitted by law; to be named "White Oak Public Service District." and having the following described boundaries:

Beginning at a corner to the City of Oak Hill, said beginning corner having a longitude of 81 - 08 - 30 and a latitude of 37 - 57 - 50; thence running with the City of Oak Hill N 76 - 00 W 900.00 feet to a corner; thence continuing with the City of Oak Hill N 10 - 00 E 450.00 feet to a corner; thence leaving the City of Oak Hill and running West 7,392.00 feet to a point near Carlisle; thence running South 2,956.80 feet to a point; thence running East 3,168.00 feet to a point; thence running South 5,280.00 feet to a point; thence running East 3,432.00 feet to a point near Wingrove; thence running South 8,078.40 feet to a point near Sun having a longitude of 87 - 10 and a latitude of 37 - 55 - 25; thence running East 7,128.00 feet to a point; thence running North 3,484.80 feet to a point near Harvey; thence running East 4,857.60 feet to a point near Dunloup Creek; thence running North 3,484.80 feet to a point; thence running West 1,161.60 feet to a point near Prudence; thence running North 6,864.00 feet to a point thence running West 8,448.00 feet to a point near Whipple; thence running N 23 - 26 W 1,984.38 feet to the point of beginning and containing 6-1/2 square miles, more or less, all being situate in Fayetteville District of Fayette County, West Virginia, and containing, generally, all or parts of the communities of Whipple, Scarbro, Carlisle, Wingrove, Glen Jean, Red Star, Hilltop, Harvey and

Certificate of Publication
THE STATE SENTINEL

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, SS:

I, Marie Haskell Secretary of
THE STATE SENTINEL, a weekly newspaper published at Fayetteville,
West Virginia, upon my oath do state that an NOTICE OF PUBLIC
HEARING ON CREATION OF WHITE OAK PUBLIC SERVICE DISTRICT

printed copy of which is hereto attached was published in said newspaper on the date, or dates, shown below:

January 12, 1966

and if required by law, a clipping of such publication was posted at the front door of the Court House of said County on the day following the first publication thereof.

Marie Haskell

Subscribed and sworn to before me this 19 day of
January, 19 66

[Signature]
Notary Public

My commission expires June 30, 1975

Publisher's bill, \$ 17.65

Certificate to be delivered to:

Howard W. Carson
Oak Hill, W. Va.

All persons residing in or owning or having any interest in any property in said proposed Public Service District are hereby notified that the County Court of Fayette County will conduct a public hearing on January 26, 1966, at 9:00 o'clock, A. M., in the County Courthouse, at Fayetteville, West Virginia, at which time and place all interested persons may appear before the County Court and given an opportunity to be heard for and against the creation of the proposed Public Service District.

By order of the County Court of Fayette County, West Virginia, this 5th day of January, 1966.

MRS. LACY NEELY,
County Court Clerk

Adopted by the said County Court this 5th day of January, 1966.

ORVAL KESSLER
President,
County Court

Attest: MRS. LACY NEELY,
Clerk 1-12-1t

West Virginia, County of Fayette:

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

In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the MAY 19 1992 day of _____, 19____.

H. E. JANNEY, Clerk

By Suphancy L. ..., Deputy

Fayetteville, West Virginia

January 26, 1966

The County Court of Fayette County, West Virginia, met in Regular Session pursuant to law and to the rules of said Court at the County Courthouse, at Fayetteville, at 9:00 o'clock, A. M.

The meeting was called to order, and the roll being called, there were present Orval Kessler, President, presiding, and C. W. Stallard and James E. Lively, Commissioners, the three of them constituting all the members of said Court.

This being the date fixed by prior action of said County Court for conducting the public hearing on the creation of the proposed White Oak Public Service District, as provided for in a resolution and order adopted by the Court on the 5th day of January, 1966, the President announced that all persons residing in or owning or having any interest in property located in such proposed Public Service District and 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 considered the creation of said Public Service District, whereupon James E. Lively introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER CREATING THE
WHITE OAK PUBLIC SERVICE DISTRICT IN
FAYETTE COUNTY, WEST VIRGINIA",

and moved that all rules otherwise requiring deferred consideration or several readings be suspended, and that said proposed resolution and order be adopted. C. W. Stallard seconded the motion and after due consideration

the President put the question on the motion and the roll being called, the following voted "Aye": James E. Lively, C. W. Stallard and Orval Kessler.

Those voting "Nay": None.

Absent or not voting: None.

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

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

"A RESOLUTION AND ORDER APPOINTING MEMBERS
OF THE PUBLIC SERVICE BOARD OF THE WHITE OAK
PUBLIC SERVICE DISTRICT",

and moved that all rules otherwise requiring deferred consideration or several readings be suspended, and that said proposed resolution and order be adopted.

C. W. Stallard seconded the motion, and after due consideration the President put the question on motion, and the roll being called, the following voted "Aye": James E. Lively, C. W. Stallard and Orval Kessler.

Those voting "Nay": None.

Absent or not voting: None.

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

On motion and vote the meeting was duly adjourned.

Orval Kessler
President

ATTEST:

James E. Lively
Clerk

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, SS:

I, Mrs. Lacy Neely, hereby certify that I am the duly qualified and acting Clerk of the County Court of Fayette County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court, as had on January 26, 1966, and of the resolutions and orders then adopted relating to the creation of the White Oak Public Service District, and the appointment of members of the Public Service Board of said District.

In witness whereof, I have hereunto affixed my signature and the official seal of said Court, at Fayetteville, West Virginia, this 26th day of January, 1966.

Mrs. Lacy Neely
Clerk of the County Court of Fayette
County, West Virginia.

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

In Testimony Whereof, I hereunto place my hand and affix
my seal of said Commission this the MAY 19 1992 day of MAY, 1992.

H. E. JANNEY, Clerk
By Deborah L. ..., Deputy

A RESOLUTION AND ORDER CREATING
WHITE OAK PUBLIC SERVICE DISTRICT,
IN FAYETTE COUNTY, WEST VIRGINIA.

Whereas, the County Court of Fayette County, West Virginia, did heretofore, by a resolution and order adopted on the 5th day of January, 1966, fix a date for a public hearing on the creation of the proposed White Oak 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 be given notice and an opportunity to appear before the County Court at this meeting, and have an opportunity to be heard for or against the creation of said public service district; and

Whereas, notice of this hearing was duly given in the manner provided and required by said resolution and order, and by Article 13-A of Chapter 16 of the West Virginia Code, as amended, and all interested persons have been afforded an opportunity to be heard for or against the creation of said district, but no written protest has been filed by any qualified voter registered and residing within said 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 and proper by said County Court to adopt a resolution and order creating said public service district;

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

Section 1. That a public service district within Fayette County, West Virginia, be and the same is hereby created, which said public service district shall have the following boundaries:

Beginning at a corner to the City of Oak Hill, said beginning corner having a longitude of 81 - 08 - 30 and a latitude of 37 - 57 - 50; thence running with the City of Oak Hill N 76 - 00 W 900.00 feet to a corner; thence continuing with the City of Oak Hill N 10 - 00 E 450.00 feet to a corner; thence leaving the City of Oak Hill and running West 7, 392.00 feet to a point near Carlisle; thence running South 2, 956.80 feet to a point; thence running East 3, 168.00 feet to a point; thence running South 5, 280.00 feet to a point; thence running East 3, 432.00 feet to a point near Wingrove; thence running South 8, 078.40 feet to a point near Sun having a longitude of 87 - 10 and a latitude of 37 - 55 - 25; thence running East 7, 128.00 feet to a point; thence running North 3, 484.80 feet to a point near Harvey; thence running East 4, 857.60 feet to a point near Dunloup Creek; thence running North 3, 484.80 feet to a point; thence running West 1, 161.60 feet to a point near Prudence; thence running North 6, 864.00 feet to a point thence running West 8, 448.00 feet to a point near Whipple; thence running N 23 - 26 W 1, 984.38 feet to the point of beginning and containing 6 1/2 square miles, more or less, all being situate in Fayetteville District of Fayette County, West Virginia, and containing, generally, all or parts of the communities of Whipple, Scarbro, Carlisle, Wingrove, Glen Jean, Red Star, Hilltop, Harvey and Prudence.

Section 2. That said public service district so created shall have the name of "White Oak 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 by Article 13-A of Chapter 16 of the Code of West Virginia, as amended.

Section 3. That the County Court of Fayette County, West Virginia, has determined that the territory within Fayette County, West Virginia, having the hereinabove described boundaries, is so situated that the construction, or acquisition, by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying sewerage services and facilities, which shall include the collection, treatment, purification and/or disposal of liquid or solid wastes, sewage or industrial wastes, within such territory and, also, outside such territory to the extent permitted by law,

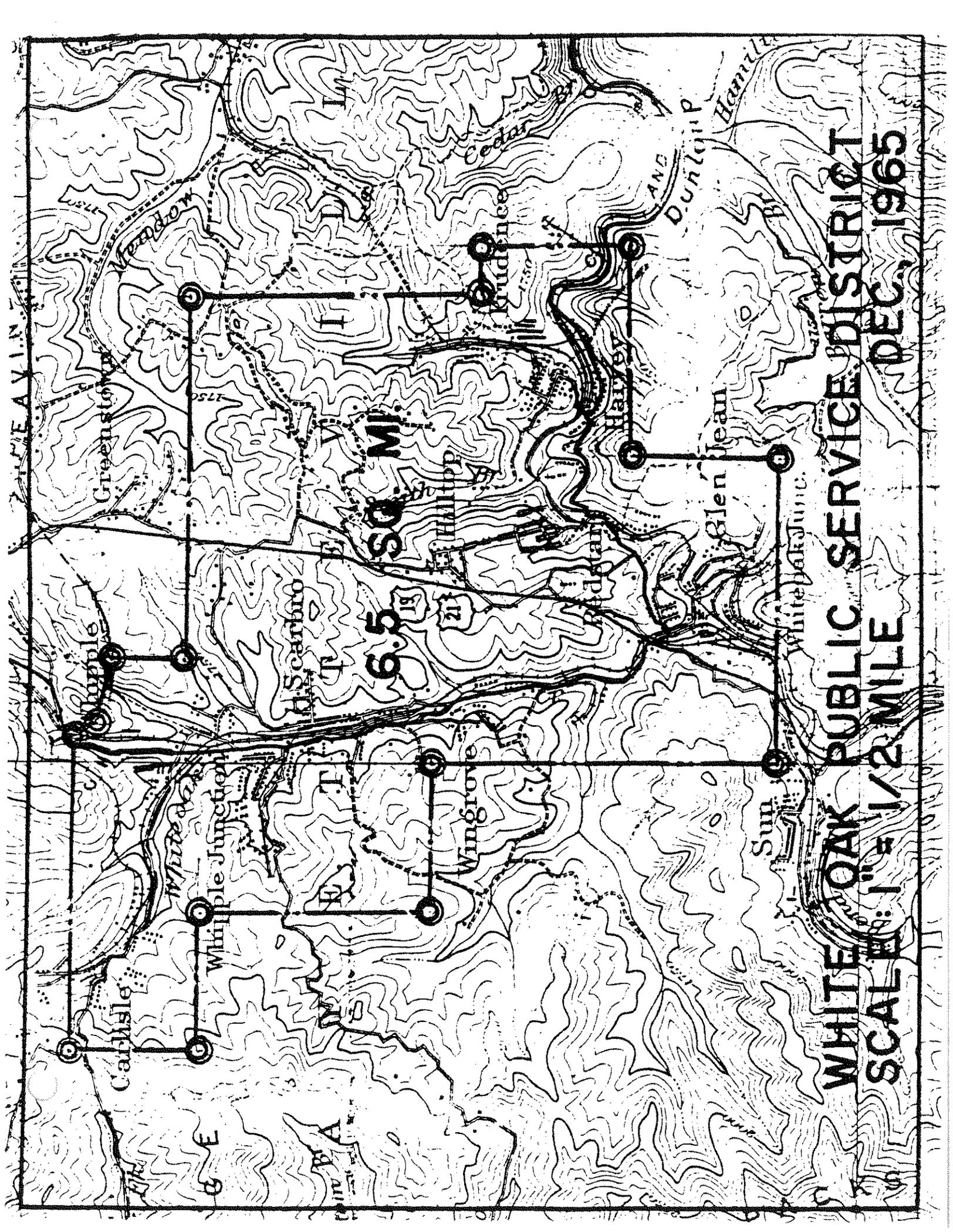
by said public service district, will be conducive to the preservation of public health, comfort and convenience of such area.

Adopted by the County Court of Fayette County, this 26th day of January, 1966.

W. W. Kessler
President

ATTEST:

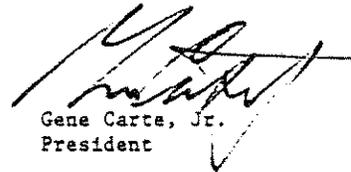
Lacy Hickey
Clerk

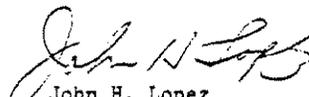


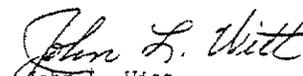
WHITE OAK PUBLIC SERVICE DISTRICT
SCALE: 1" = 1/2 MILE
DEC. 1965

FAYETTE COUNTY COMMISSION

On this the 27th day of January, 1988, it appearing to the Commission that the term of Mr. Edward (Eddy) Chornobay expired on January 1, 1988, and upon recommendation of the Board of White Oak Public Service District it is hereby ordered that Edward Chornobay be and he is hereby appointed as Commissioner of said White Oak Public Service District Board as of January 1, 1988, to serve for and during a period of six years, said term to expire January 1, 1994.

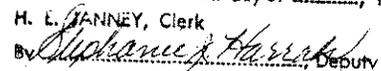

Gene Carte, Jr.
President


John H. Lopez
Commissioner


John L. Witt
Commissioner

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

In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the MAY 19 1992 day of _____, 19__

H. E. JANNEY, Clerk
By , Deputy

On this the 3rd day of January, 1990, it appearing to the Commission that the term of Alfred J. Gannon expired on January 1, 1990, and upon recommendation of the Board of White Oak Public Service District it is hereby ordered that Alfred J. Gannon be and he is hereby reappointed as Commissioner of said White Oak Public Public Service District Board as of January 1, 1990, to serve and during a period of six years, said term to expire January 1, 1996.

John L. Witt
John L. Witt, President

John H. Lopez
John H. Lopez, Commissioner

Gene Carte, Jr.
Gene Carte, Jr., Commissioner

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

In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the MAY 19 1992 day of _____, 1992.

H. E. JANNEY, Clerk
Stephanie Harrao Deputy

FAYETTE COUNTY COMMISSION

On this the 29th day of January, 1992, it appearing to the Commission that the term of John Parrish expired on January 1, 1992, and upon recommendation of the Board of White Oak Public Service District it is hereby ordered that John Parrish be and he is hereby appointed as Commission of said White Oak Public Service District Board as and of January 1, 1992, to serve for and during a period of six years, said term to expire January 1, 1998.

FAYETTE COUNTY COMMISSION

John L. Witt
John L. Witt, President

John H. Lopez
John H. Lopez, Commission

Absent
Gene Carte, Jr. Commissioner

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

In Testimony Whereof, I hereunto place my hand and affix my seal of said Commission this the MAY of 19 1992.

H. E. JANNEY, Clerk
By *Stephanie Harris*

OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

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 Commissioner for the White Oak Public Service District

in said county and state to the best of my skill and judgement: SO HELP ME GOD.

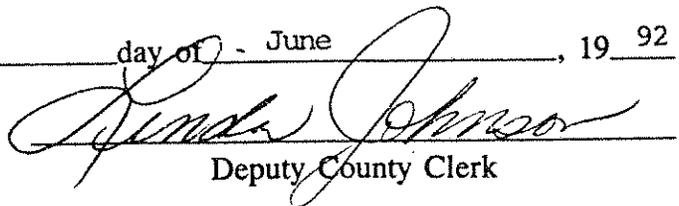


Subscribed and sworn to before me in my said county and state this the

10th

day of June

, 19 92



Deputy County Clerk

OFFICIAL OATH

STATE OF WEST VIRGINIA,
COUNTY OF FAYETTE, ss:

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 Commissioner for the White Oak PSD

in said county and state to the best of my skill and judgement: SO HELP ME GOD.

John R. Parrish

Subscribed and sworn to before me in my said county and state this the

10th

day of

June

, 19 92

Andre Johnson
Deputy County Clerk

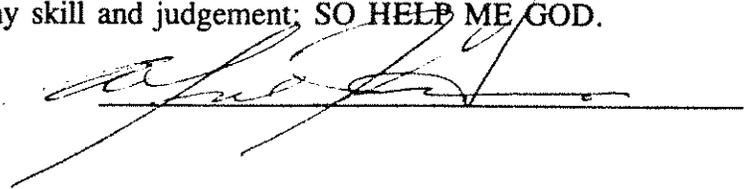
OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

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 Commissioner for the White Oak Public Service District

in said county and state to the best of my skill and judgement; SO HELP ME GOD.

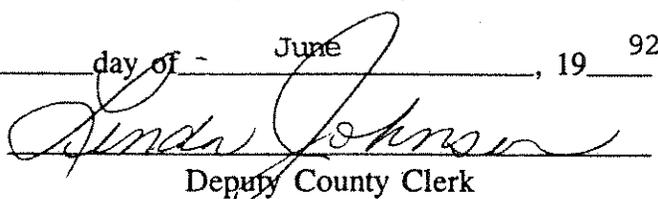


Subscribed and sworn to before me in my said county and state this the

10th

day of June

, 19 92



Deputy County Clerk

PRE-FILING NOTICE

Notice is hereby given pursuant to the requirements of West Virginia Code 16-13A-25 and 24-2-11 of the intention of the White Oak Public Service District, a Public Corporation, to file an application for a Certificate of Public Convenience and Necessity to make improvements to its wastewater treatment facility including construction of a grit chamber, modifications to the aeration system, construction of a clarifier, contact tank, post aeration facilities, fencing, a maintenance building and a control building, and provision of a sludge truck, flusher and safety equipment.

The District serves approximately 1,262 customers in the Fayette County communities of Carlisle, Whipple, Blakelytown, Wingrove, DeWhitte, Scarbro, Hilltop, Harvey, Red Star and Glen Jean. Approximately 48 of the District's customers pay a flat rate bill while the balance pays according to metered water usage.

The project is estimated to cost \$875,000 and will be financed as follows:

Small Cities Block Grant
\$617,250

Water Development Authority \$257,750

TOTAL ESTIMATED PROJECT COST \$875,000

The amount of money to be borrowed will not exceed the following:

Water Development Authority: \$330,000 at an interest rate not to exceed 8% and repayable over not more than thirty-eight (38) years.

The District anticipates rates "not to exceed" the following:

First 2,000 gallons used per month, \$4.48 per 1,000 gallons

Next 28,000 gallons used per month, \$3.36 per 1,000 gallons

Over 30,000 gallons used per month, \$1.90 per 1,000 gallons

Minimum Bill: 0-2,000 gallons, \$8.96 per month

Flat Rate Charge: Each unmetered customer shall be charged a flat rate of \$17.36 per month.

Delayed Payment Penalty:

The above proposed tariff is net. On all accounts not paid in full within twenty (20) days of bill, ten percent (10%) will be added to net amounts shown. This delayed payment penalty is not interest and shall be charged once for each bill where applicable.

Security Deposit: \$50

Water Disconnection - Reconnection Fees:

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of \$20.00 shall be charged. A \$20.00 reconnection fee shall be charged.

Connection Fees

The Public Service District will cause to be charged a tapping fee of \$100.00 for each entrance onto the sewage system. Connection to the system is mandatory.

Formal application for a Certificate of Public Convenience and Necessity, approval of financing, approval of proposed rates and charges will be filed with the Public Service Commission on or after November 29, 1991.

Anyone desiring to protest the application should do so within thirty (30) days in writing, briefly stating the reason for the protest and addressing same to Secretary, Public Service Commission of West Virginia, Post Office Box 812, Charleston, West Virginia 25323. If no protest is received, the Commission may waive formal hearing and grant the application based on the evidence submitted with the application.

John R. Parrish
Chairman of White Oak
Public Service District

Legal No. 473
Sept. 23, 30

The Fayette Tribune

ESTABLISHED IN 1897

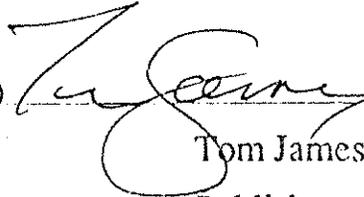
417 MAIN STREET
OAK HILL, WEST VIRGINIA 25901
TELEPHONE: 469-3373

CERTIFICATE OF PUBLICATION Fee for Publication \$ 73.23

I, Tom James, publisher of *The Fayette Tribune*, a semi-weekly newspaper, published in the city of Oak Hill, County of Fayette, State of West Virginia do hereby declare that the herewith attached, was published in said newspaper in its issues dated the 23rd and 30th day of

September, 1991

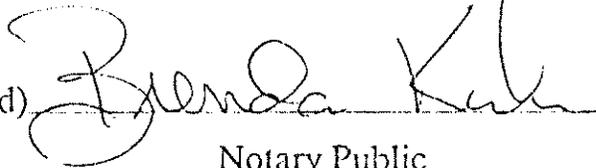
(Signed)



Tom James
Publisher

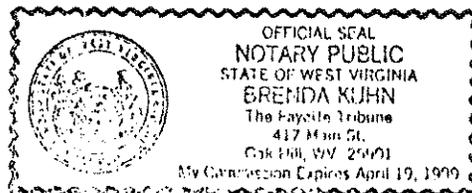
SIGNED AND SWORN TO and before me this 4th day of October, 1991

(Signed)



Notary Public

My Commission Expires April 19, 1999



RULES OF PROCEDURE

White Oak PUBLIC SERVICE DISTRICT

ARTICLE I
NAME AND PLACE OF BUSINESS

Section 1. Name: White Oak PUBLIC SERVICE DISTRICT

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

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed White Oak Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Fayette County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 3rd Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

Section 3. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least 3 days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Public Service Board of the Public Service District at the front door of the Fayette County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board of the time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the Public Service Board at the front door to the Fayette County Courthouse and at the front door of the place fixed for the regular meetings of the Public

Service Board at least 48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of _____ Public Service District will meet in special session on _____, at _____ .m., prevailing time, at _____, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of the District, in the principal amount of \$ _____, to provide funds for construction of _____ facilities of the District.

2.

Secretary

Date: _____

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public

Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these Rules of Procedure, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting

unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

03/23/90

FORMS/NOTICE/N

WHITE OAK PUBLIC SERVICE DISTRICT
P. O. BOX 358
SCARBRO, WV 25917

BOARD OF DIRECTORS
MINUTES

JANUARY 1992

Call to order 6:00 P.M. by John Parrish, Chairman. Others attending were: Alfred Gannon, Commissioner; Ed Chornobay, Commissioner; George Sparks, Manager; clerks Stephen Davis and Delma Sparks.

Minutes Stephen Davis

Minutes of the December 1991 meeting, approved as read.

Financial Report Stephen Davis

The Board discussed and approved the report.

A resolution was signed authorizing payment to Region 4. See the attached copy.

Motion

On motion by Alfred Gannon and seconded by Ed Chornobay, Mr. John Parrish was retained to serve another term as a member of the White Oak Public Service District Board. A letter will be sent to the Fayette County Commission for their approval and appointment.

Election

On motion by Mr. Gannon and seconded by Mr. Chornobay, John Parrish was elected to serve another term as Board Chairman.

Manager's Report George Sparks

No written report was given due to the engineers scheduled to arrive at 7:00 P.M.

Mr. Sparks discussed the I/I Project and reported on work completed or now in progress in the Stover Hollow and Whipple area.

He noted areas where infiltration from roof and yard drains were detected through smoke testing. He discussed ways to get the customer to comply with drain removals, or if the

COPY

WHITE OAK PUBLIC SERVICE DISTRICT
P. O. BOX 358
SCARBRO, WV 25917-0358
(304) 469-2512

BOARD OF DIRECTORS
SPECIAL MEETING
MINUTES

June 3, 1992

A Special Board meeting was held in the office at Scarbro, WV at 5:00 P.M. All Board members and general manager attended.

The following motions were duly made and recorded for the selection of officers for the position of Board Secretary and Treasurer.

MOTION

On motion by Commissioner Gannon and seconded by Commissioner Chornobay, Stephen L. Davis, office clerk was reappointed to serve another term as Treasurer for the Board of Directors of White Oak Public Service District.

MOTION

On motion by Commissioner Gannon and seconded by Commissioner Chornobay, Delma J. Sparks, office clerk was reappointed to serve another term as Secretary to the Board of Directors of White Oak Public Service District.

MOTION

On motion by Commissioner Chornobay and seconded by Commissioner Gannon the District adopted the Rules of Procedure annexed hereto.

WHITE OAK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

MINUTES ON ADOPTION OF BOND AND NOTES
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, DELMA J. SPARKS, SECRETARY of the Public Service Board of White Oak Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of White Oak Public Service District met in special session, pursuant to notice duly posted, on the 10th day of August, 1992, at Scarbro, West Virginia, at the hour of 4:00 p.m.

PRESENT:	John R. Parrish	-	Chairman and Member
	Edward Chornobay	-	Member
	Alfred Gannon	-	Member
	Delma J. Sparks	-	Secretary
	George Sparks	-	Manager
	Kevin B. Burgess, Esquire	-	Attorney for District
ABSENT:	Stephen L. Davis	-	Treasurer

John R. Parrish, Chairman, presided, and Delma J. Sparks, 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 and Notes Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF WHITE OAK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 A, NOT MORE THAN \$100,000 IN AGGREGATE PRINCIPAL AMOUNT

OF SEWER REVENUE BONDS, SERIES 1992 B, AND NOT MORE THAN \$500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Alfred Gannon, seconded by John R. Parrish, it was unanimously ordered that the said Bond and Notes 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 AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1992 A AND SERIES 1992 B OF WHITE OAK PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion of John R. Parrish, seconded by Alfred Gannon, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

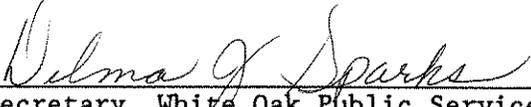
The Chairman then presented the schedule of rates and charges approved by the Public Service Commission of West Virginia in an order dated July 22, 1992. Thereupon, following discussion thereon, on the motion of Alfred Gannon, seconded by John R. Parrish,

it was unanimously ordered that such rates and charges be adopted and effective on the dates set forth in such order.

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

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 12th day of August, 1992.


Secretary, White Oak Public Service
District, Public Service Board

08/10/92
WOSJ.R3
97070/90001



Vertical line of text or a scanning artifact along the right edge of the page.

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

August 12, 1992

104 WEST CONGRESS STREET

P. O. BOX 100

CHARLES TOWN, W. VA. 25414-0100

(304) 725-1414

FACSIMILE (304) 725-1913

THE BRYAN CENTRE

82 WEST WASHINGTON STREET, SUITE 401

HAGERSTOWN, MARYLAND 21740-4804

(301) 791-6620

FACSIMILE (301) 739-3948

WRITER'S DIRECT DIAL NUMBER

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25320-1588

(304) 353-8000

FACSIMILE (304) 353-8180

1000 HAMPTON CENTER

P. O. BOX 1816

MORGANTOWN, W. VA. 26507-1816

(304) 596-6000

FACSIMILE (304) 596-6116

126 EAST BURKE STREET

P. O. BOX 2629

MARTINSBURG, W. VA. 25401-5429

(304) 263-6991

FACSIMILE (304) 263-4785

White Oak Public Service District
Sewer Revenue Bonds, Series 1992 A

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Ladies and 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 bond 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,

Stephoe & Johnson

STEPTOE & JOHNSON

Enclosure

Copy of letter with enclosure to:

Samme L. Gee, Esquire

Kevin B. Burgess, Esquire

8038.L01

97070/90001

Information Return for Tax-Exempt Governmental Obligations

► Under Section 149(e)

► See separate instructions

(Use Form 8038-GC if the issue price is under \$100,000)

Part I Reporting Authority

Check box if Amended Return ►

1 Issuer's name
White Oak Public Service District

2 Issuer's employer identification number
55-0518247

3 Number and street
Box 358

4 Report number
G1992 - 1

5 City or town, state, and ZIP code
Scarb, West Virginia 25917

6 Date of issue
8/12/92

7 Name of Issue
White Oak Public Service District, Sewer Revenue Bonds, Series 1992A

8 CUSIP Number
N/A

Part II Type of Issue (check box(es) that applies and enter the Issue Price)

	Issue price
9 Check box if obligations are tax or other revenue anticipation bonds ► <input type="checkbox"/>	
10 Check box if obligations are in the form of a lease or installment sale ► <input type="checkbox"/>	
11 <input type="checkbox"/> Education	\$
12 <input type="checkbox"/> Health and hospital	
13 <input type="checkbox"/> Transportation	
14 <input type="checkbox"/> Public safety	
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)	319,355
16 <input type="checkbox"/> Housing	
17 <input type="checkbox"/> Utilities	
18 <input type="checkbox"/> Other. Describe (see Instructions) ►	

Part III Description of Obligations

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	10/1/2031	7.75%	\$24,292	\$24,292			
20 Entire issue			\$319,355	\$319,355	28.21 years	7.57 %	7.75 %

Part IV Uses of Original Proceeds of Bond Issues (including underwriters' discount)

21 Proceeds used for accrued interest	21	-0-
22 Issue price of entire issue (enter line 20c)	22	319,355
23 Proceeds used for bond issuance costs (including underwriters' discount)	23	10,000
24 Proceeds used for credit enhancement	24	-0-
25 Proceeds allocated to reasonably required reserve or replacement fund	25	-0-
26 Proceeds used to refund prior issues	26	-0-
27 Total (add lines 23, 24, 25, and 26)	27	10,000
28 Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)	28	309,355

Part V Description of Refunded Bonds (complete this part only for refunding bonds) N/A

29 Enter the remaining weighted average maturity of the bonds to be refunded ► _____ years

30 Enter the last date on which the refunded bonds will be called ► _____

31 Enter the date(s) the refunded bonds were issued ► _____

Part VI Miscellaneous

32 Enter the amount of the state volume cap allocated to the issue ► **-0-**

33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ► **-0-**

34 Pooled financings:
 a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ► **-0-**
 b Check box if this issue is a loan made from the proceeds of another tax-exempt issue ► and enter the name of the issuer ► **West Virginia Water Development Authority** and the date of the issue ► **August 27, 1991**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

John R. Parrish
Signature of officer

August 12, 1992
Date

John R. Parrish, Chairman
Type or print name and title

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: August 12, 1992

(See Reverse for Instructions)

ISSUE: WHITE OAK PUBLIC SERVICE DISTRICT, Sewer Revenue Bonds, Series 1992 A

ADDRESS: Box 358, Scarbro, WV 25917 COUNTY: Fayette

PURPOSE New Money

OF ISSUE: Refunding Refunds issue(s) dated: _____

ISSUE DATE: August 12, 1992 CLOSING DATE: August 12, 1992

ISSUE AMOUNT: \$319,355 RATE: 7.75%

1st DEBT SERVICE DUE: 10/1/92 1st PRINCIPAL DUE: 10/1/93

1st DEBT SERVICE AMOUNT: \$3,368.75 PAYING AGENT: Municipal Bond Commission

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins, Esq.

Phone: 624-8161

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esq.

Phone: 340-1318

CLOSING BANK: One Valley Bank of Oak Hill

Contact Person: Josie Wriston

Phone: 469-2961

ESCROW TRUSTEE: _____

Contact Person: _____

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: John R. Parrish

Position: Chairman

Phone: 469-2512

OTHER: _____

Contact Person: _____

Function: _____

Phone: _____

DEPOSITS TO MBC AT CLOSE:

By Wire
 Check

Accrued Interest: \$ _____

Capitalized Interest: \$ 27,000

Reserve Account: \$ _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire
 Check
 IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: \$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

26A

WV MUNICIPAL BOND COMMISSION
 Suite 337 Building 3
 1800 Washington St. E
 State Capitol Complex
 Charleston, WV 25305
 (304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: August 12, 1992

(See Reverse for Instructions)

ISSUE: WHITE OAK PUBLIC SERVICE DISTRICT, Sewer Revenue Bonds, Series 1992B

ADDRESS: Box 358, Scarbro, WV 25917 COUNTY: Fayette

PURPOSE New Money X

OF ISSUE: Refunding Refunds issue(s) dated: _____

ISSUE DATE: August 12, 1992

CLOSING DATE: August 12, 1992

ISSUE AMOUNT: \$ 10,645

RATE: 0%

1st DEBT SERVICE DUE: 10/1/93

1st PRINCIPAL DUE: 10/1/93

1st DEBT SERVICE AMOUNT: \$272.95

PAYING AGENT: Municipal Bond Commission

ISSUERS
 BOND COUNSEL: Steptoe & Johnson

UNDERWRITERS
 BOND COUNSEL: Jackson & Kelly

Contact Person: Vincent A. Collins, Esq.
 Phone: 624-8161

Contact Person: Samme L. Gee, Esq.
 Phone: 340-1318

CLOSING BANK: One Valley Bank of Oak Hill

Contact Person: Josie Wriston
 Phone: 469-2961

ESCROW TRUSTEE: _____

Contact Person: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: John R. Parrish
 Position: Chairman
 Phone: 469-2512

OTHER: _____

Contact Person: _____
 Function: _____
 Phone: _____

DEPOSITS TO MBC AT CLOSE:

By Wire
 Check

Accrued Interest: \$ _____
 Capitalized Interest: \$ _____
 Reserve Account: \$ _____
 Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire
 Check
 IGT

To Escrow Trustee: \$ _____
 To Issuer: \$ _____
 To Cons. Invest. Fund: \$ _____
 To Other: \$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS
 REQUIRED: _____
 TRANSFERS
 REQUIRED: _____

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P.2
DSC*



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 26306

June 12, 1992

GASTON CAPERTON
GOVERNOR

The Honorable John L. Witt, Jr.
President
Fayette County Commission
Post Office Box 307
Fayetteville, West Virginia 25840-0307

Dear Commissioner Witt:

This is to acknowledge your request for additional Small Cities Block Grant (SCBG) funds for the White Oak Public Service District sewer improvement project.

I am pleased to announce my approval of your request for an additional \$107,750. The total SCBG investment in this sewer project is now \$725,000.

I have instructed my Community Development Division to amend your state/local contract to include the \$107,750.

It is with great pleasure that I am able to work with you to bring this project to completion.

Sincerely,

Gaston Caperton
Gaston Caperton
Governor

GC:bss



RECEIVED

JUL 5 1991

Region IV Planning &
Development Council

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

June 26, 1991

WJ

The Honorable John L. Witt, Jr.
President
Fayette County Commission
Fayette County Courthouse
Fayetteville, West Virginia 25840-0307

Dear Commissioner Witt:

On September 29, 1989, the Fayette County Commission was awarded a Small Cities Block Grant in the amount of \$617,250 for the construction of the White Oak Public Service District Sewer project.

In order to most effectively utilize the limited dollars available, \$462,090 was committed from our FY 1989 Small Cities allocation with an additional commitment to evaluate your progress and provide the remaining \$155,160 from our future funding.

I am pleased to announce my approval of the remaining \$155,160 to allow for the completion of your project. My Community Development staff will be contacting you to assist you in completing the changes necessary to amend your contract.

If you have any questions, please do not hesitate to contact William F. Spence of my Community Development Division at 348-4010.

Sincerely,

Gaston Caperton
Gaston Caperton
Governor

GC:bss

cc: Region IV



RECEIVED

JUL 31 1990

Region IV Planning &
Development Council

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

July 25, 1990

The Honorable John Witt
President
Fayette County Commission
Fayette County Courthouse
Fayetteville, West Virginia 25840-0307

Dear Commissioner Witt:

On September 29, 1989, the Fayette County Commission was awarded a Small Cities Block Grant in the amount of \$617,250 for the construction of the White Oak Public Service District Sewer project.

In order to most effectively utilize the limited dollars available, \$462,090 was committed from our Fiscal Year 1989 allocation, with an additional commitment to evaluate your progress and provide the remaining \$155,160 from our future funding.

After evaluating the progress report submitted by the Fayette County Commission, it is our determination that the commission may not need the balance of funds until we are in receipt of the Fiscal Year 1991 funding. The remaining \$155,160 in SCBG funds will be deferred and considered for funding from the Fiscal Year 1991 program. In the meantime, you can plan accordingly. We remain committed to the White Oak Public Service District's Sewer project.

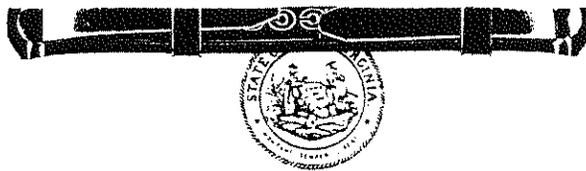
Please be assured that the Community Development office is available to provide you with assistance.

Sincerely,

Gaston Caperton
Governor

GC:bss

cc: Region IV



RECEIVED

OCT 6 1989

Region IV Planning &
Development Council

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

September 29, 1989

The Honorable John L. Witt
President
Fayette County Commission
Fayette County Courthouse
Fayetteville, West Virginia 25840-0307

Dear Commissioner Witt:

Thank you for your application to the Small Cities Block Grant Program for Fiscal Year 1989.

I am pleased to approve your application in the amount of \$617,250 to the Fayette County Commission for the improvement of the sanitary sewer system for the White Oak Public Service District.

In order to most effectively use the limited dollars available, I hereby commit \$462,090 from our FY 1989 allocation. The remaining \$155,160 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this improvement a reality for the citizens of White Oak PSD in Fayette County.

Sincerely,

A handwritten signature in cursive script that reads "Gaston Caperton".
Gaston Caperton
Governor

GC:bsm

WHITE OAK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

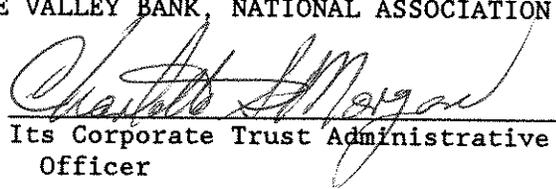
ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the White Oak Public Service District Sewer Revenue Bonds, Series 1992 A and Series 1992 B, both dated August 12, 1992, in the aggregate principal amount of \$330,000 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 12th day of August, 1992.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By


Its Corporate Trust Administrative
Officer

08/07/92
WOSJ.S2
97070/90001

WHITE OAK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

ONE VALLEY BANK OF OAK HILL, a national banking association, with its principal office in the City of Oak Hill, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Resolution of White Oak Public Service District, adopted August 10, 1992, authorizing issuance of the District's Sewer Revenue Bonds, Series 1992 A and Series 1992 B, both dated August 12, 1992, in the aggregate principal amount of \$330,000 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Dated this 12th day of August, 1992.

ONE VALLEY BANK OF OAK HILL

By *James Winston*
Its *Service President*

08/07/92
WOSJ.T2
97070/90001



ALL STATE LEGAL SUPPLY CO. 1-800-322-0510 ED 11-2C



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WHITE OAK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

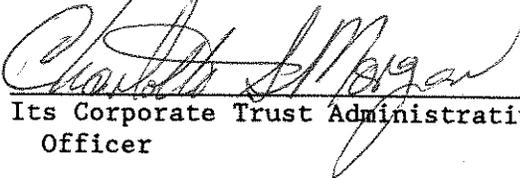
CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, Corporate Trust Administrative Officer of ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar under the Local Act and Registrar's Agreement providing for the \$330,000 aggregate principal amount of Sewer Revenue Bonds, Series 1992 A and Series 1992 B, of White Oak Public Service District (the "Issuer"), hereby certify that on the 12th day of August, 1992, the single fully registered Series 1992 A Bond of the Issuer in the principal amount of \$319,355 designated "Sewer Revenue Bond, Series 1992 A," numbered AR-1, and the single fully registered Series 1992 B Bond of the Issuer in the principal amount of \$10,645 designated "Sewer Revenue Bond, Series 1992 B," numbered BR-1, were registered as to principal and interest (the Series 1992 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 12th day of August, 1992.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By


Its Corporate Trust Administrative
Officer

08/07/92
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97070/90001

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 12th day of August, 1992, by and between WHITE OAK 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 \$330,000 aggregate principal amount of Sewer Revenue Bonds, Series 1992 A and Series 1992 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond and Notes Resolution adopted August 10, 1992, and a Supplemental Resolution adopted August 10, 1992 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, 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 Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: White Oak Public Service District
Box 358
Scarbro, West Virginia 25917-0358
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 Local Act.

IN WITNESS WHEREOF, WHITE OAK 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.

WHITE OAK PUBLIC SERVICE DISTRICT

By John R. Parrish
ICs Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charles S. Meyer
Its Corporate Trust Administrative
Officer

08/08/92
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EXHIBIT A

[Included in transcript as Document No. 1]

SCHEDULE OF COMPENSATION

Invoice

ONE VALLEY
BANK

WHITE OAK PUBLIC SERVICE DISTRICT
ATTN: CHAIRMAN

DATE AUGUST 12, 1992

UNITS	ITEM DESCRIPTION	TOTAL
	<p>\$330,000 PAR WHITE OAK PUBLIC SERVICE DISTRICT 1992 SERIES A & SERIES B REVENUE BONDS.</p> <p>ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.</p>	<p>\$500.00</p>

SEND REMITTANCE TO: One Valley Bank
One Valley Square
P.O. Box 1793
Charleston, WV 25326

Attn: CHARLOTTE S. MORGAN

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Sewer Revenue Bond, Series 1992 A, of White Oak Public Service District in the principal amount of \$319,355 numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: August 12, 1992.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yankosky
Authorized Representative

08/07/92
WOSJ.W2
97070/90001

WHITE OAK PUBLIC SERVICE DISTRICT
FAYETTE COUNTY, WEST VIRGINIA

A RESOLUTION OF THE PUBLIC SERVICE BOARD OF WHITE OAK PUBLIC SERVICE DISTRICT, FAYETTE COUNTY, WEST VIRGINIA, AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF FACILITIES FOR THE COLLECTION, DISTRIBUTION AND TREATMENT OF SEWAGE WITHIN THE SAID DISTRICT AND, TO THAT END, AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN THE PRINCIPAL AMOUNTS OF ~~\$127,000 AND \$22,000~~, RESPECTIVELY, PROVIDING FOR THE PAYMENT OF SAID BONDS AS TO PRINCIPAL AND INTEREST, AND ESTABLISHING THE SECURITY THEREFOR, AND FOR OTHER PURPOSES.

WHEREAS, White Oak Public Service District (hereinafter sometimes called the "District") in Fayette County, West Virginia, has heretofore been duly created and is now organized and operating under the provisions of West Virginia Code, Chapter 16, Article 13A, and the Public Service Board of said District, (hereinafter sometimes called the "Board") has heretofore been appointed and approved by the County Court of Fayette County, West Virginia, and are now functioning as the governing body of said District, having the duties, powers and authority as provided by said law, and

WHEREAS, the said Board has heretofore determined the necessity and advisability of constructing a sewage collection, distribution and treatment system within said District, in order to supply the adequate sewer facilities for said District and its inhabitants for industrial, public and private uses; and

WHEREAS, under the provisions of said West Virginia Code Chapter 16, Article 13A, said District is authorized and empowered to construct and operate such sewer services system, and to issue revenue bonds payable as hereinafter provided from the revenues derived from such operation for the purpose of providing funds for such construction; and

WHEREAS, the District has been approved for a grant from the Economic Development Administration, in a total amount not to exceed \$1,589,440.00, and for a grant from the Federal Water Pollution Control Administration, in a total amount not to exceed \$241,346.00, and for loans from Farmers Home Administration, in the amounts of \$429,000.00 and \$40,000.00, respectively, and desires and intends that provision be made in and by this resolution for the issuance of revenue bonds, in the separate amounts of said loans, to-wit, \$429,000.00 and \$40,000.00, respectively, which will be used with the aforesaid grant funds to pay the costs of the sewerage services system and to provide for the payment of said bonds and interest thereon and to set forth the conditions and restrictions upon which such bonds and any additional bonds ranking on a parity therewith are to be and may be issued and outstanding; and

WHEREAS, the District is unable to obtain sufficient credit elsewhere to finance the sewerage services system, taking into consideration prevailing private and cooperative rates and terms currently available;

NOW, THEREFORE, IT IS HEREBY RESOLVED By the Board of the White Oak Public Service District of Fayette County, West Virginia as follows:

Section 1. Necessity. It is hereby found to be necessary that White Oak Public Service District secure financing for construction of the sewerage services system which will be comprised of a system of gathering lines, main lines, a sewage waste treatment plant and other equipment and appurtenances necessary thereto, as set forth with particularity in plans prepared by Bennett-Naeve_Thomas Engineering Company, of Oak Hill, West Virginia, a copy of which is on file in the office of the District.

Section 2. Ratification. That all action heretofore taken (not inconsistent with the provisions of this resolution) by the Board directed toward construction of the sewerage services system and toward the issuance of the District's revenue bonds for that purpose, be, and the same is, ratified, approved, and confirmed.

Section 3. Authorization of Sewerage Services System. That the construction of the sewerage services system to serve the District shall be, and the same is hereby ordered to be undertaken at a total cost of not exceeding \$ 2,273,010.00 to be defrayed in part with the proceeds of the District's two revenue bonds issued pursuant to this resolution.

Section 4. Authorization of Revenue Bonds. For the purpose of defraying a portion of the cost of constructing the sewerage services system, it is hereby declared necessary that the Board make and issue, and there is hereby authorized to be issued, pursuant to the applicable provisions of Article 13A, Chapter 16 of the West Virginia Code of 1961 and amendments thereto, two bonds of equal parity, without priority one over the other, as follows:

(1) ~~One~~ Series A bond, without coupons, in the principal amount of ~~one million~~ bearing interest ~~at a rate of 5% per annum~~. The bond shall bear the number, One; shall be in substantially the form set forth below; and shall be payable over a period of ~~ten~~ years from the date thereof. The entire face amount of the bond will not be advanced upon delivery of said bond but will be disbursed in multiple advances to coincide with the District's need for funds under the construction schedule; provided, however, that the obligation of the District under this bond shall not exceed the aggregate principal amount of the advances received by the District plus

interest thereon at 4 - 1/8% per annum. A record of the payment of such advances shall be inserted on the reverse side of the bond.

(b) One fully registered amortized Series A bond, without coupons, in the principal amount of \$40,000.00, bearing interest at the rate of 4 - 3/4% per annum. The bond shall bear the number, Two; shall be in substantially the form set forth below; and shall be payable over a period of forty (40) years from the date thereof.

(c) Enforcement Rights of Holder. The holder of each of the bonds shall have the right by suit, action, mandamus or other appropriate proceeding to compel performance of the duties undertaken by the District in connection with the issuance of each such bond and the duties of the District imposed by Article 13A (Section 17) Chapter 16, West Virginia Code of 1961.

(d) Tax Exemption. The bonds and interest thereon shall be exempt from the taxation by the State of West Virginia and other taxing bodies of that State (Article 13A Section 21, Chapter 16, West Virginia Code of 1961).

Section 5. Revenue Bond Registration. The bonds are fully negotiable, but shall be registered in the name or names of the holder or holders thereof in a book maintained for that purpose in the office of the Secretary of the Public Service Board of the District, such registrations being noted thereon by the Secretary as Bond Registrar, after which no transfer shall be valid unless made on said books and similarly noted on the bonds. No charge shall be made for registration.

(a) In the event the Government shall make payment of insurance premiums or other advances which may be required to protect the Government's security interest, the Board will pay in addition to the

interest of the unpaid bonds, interest on all such advances or expenditures in connection therewith made by the Government, at the same per annum rate specified in the bonds. All such advances, expenditures and interest thereon shall be deemed payable upon demand immediately after any such expenditure by the Government. Any such amounts due the Government by the Board shall take priority over any other payments from the Bond Funds payments set forth in Section 13B hereof.

(b) It will take any and all such action as may be requested by the Government and it will execute such other agreements and instruments as the Government may from time to time prescribe to enable the Government to discharge its responsibilities as insurer and collection agent for the holder or holders of the bonds insured by the Government; and

(c) If at any time it shall appear to the Government that the Board is able to call for redemption of or to refund the bonds, or either of them, by obtaining a loan for such purpose from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, or by other means, the Board will, upon request of the Government redeem, refund, or apply for and accept such loan in sufficient amount to repay the Government or the holder of the bond or bonds, or both, and will take all actions as may be required in connection with such redemption or refund.

Section 6. Covenants Pertaining to Government Insurance.

This resolution contemplates direct loans, and there are no covenants pertaining to insurance.

Section 7. Execution. The revenue bonds shall be signed by the Chairman of the Board, sealed with the corporate seal of the District, and attested by the Secretary of the Board.

Section 8. Security. The revenue bonds shall be secured by a statutory mortgage lien on the sewerage services system as provided by Chapter 16, Article 13A, West Virginia Code. The revenues of the sewerage services system, including all additions, extensions, improvements, and replacements thereof and thereto, are pledged to the Bond Fund hereinafter established after there have been first paid from such revenues the current expenses of the District.

Section 9. Revenue Bond Form. The bonds issued and sold pursuant to this resolution shall be in substantially the following form:

Section 10. Disposition of Revenue Bonds Proceeds.

A. Construction Account. That the proceeds derived from the sale of the bonds herein authorized, any grants received from the United States of America and any other funds received for acquiring and constructing the sewerage services system shall be deposited promptly upon receipt thereof in a separate account in a bank or banks which are members of the Federal Deposit Insurance Corporation, designated by the Board, and approved by the Government, which account shall be known as the "White Oak Public Service District Revenue Bond Construction and Acquisition Account". At the time of the deposit of any such funds in the bank, the Board, the bank, and the County Supervisor of the Farmers Home Administration at Fayetteville, West Virginia, shall execute a deposit agreement on Form FHA 401-1, "Deposit Agreement"; the construction account shall be a joint account and any withdrawal of funds therefrom shall be subject to the countersignature of the County Supervisor of the Farmers Home Administration pursuant to the terms of that agreement. The proceeds of each and every such bond in excess of \$15,000.00 shall be secured by such bank in accordance with U.S. Treasury Circular No. 176 before such proceeds are deposited. The monies in the construction account, except as herein otherwise specifically provided, shall be used and paid out solely for the purpose of acquiring and constructing the sewerage services system only upon warrants or checks drawn and signed by the Chairman of said District and its Treasurer and the counter-signature of the FHA County Supervisor. No such warrant for any sum for any actual construction work or purchase

of construction materials pursuant to terms and provisions of construction contracts shall be issued until the Board has received engineering approval certifying that such sum is due and owing for work under such contracts, nor until the Board has adopted a resolution accepting such certificate and directing the drawing of such warrant or check. The designated approval shall be by the consulting engineer whose approval must be in the form of a written certificate stating that the payment therein approved is being made to pay for materials supplied or work satisfactorily completed in substantial accordance with the plans and specifications for the work involved. Such certificates of approval shall be in appropriate form, shall be signed by the engineer or his duly accredited representative, and shall be filed with the Secretary of the Board prior to the time such payment or payments are authorized by resolution.

With respect to nonconstruction costs and expenses, such as purchase of land, easements, rights-of-way, legal fees, and other acquisition expenses, etc., no such warrant in payment thereof shall be issued except upon approval of the Board.

B. Disposition of Construction Account Residue.

That when all work of constructing and purchasing the sewerage services system shall have been completed in accordance with such plans and specifications and all amounts due therefor shall have been paid, the consulting engineer shall file with the depository bank a certificate so stating, thereupon (1) any funds representing a portion of the proceeds from the sale of the bonds herein authorized remaining in the Construction

Account and any other funds remaining in the Construction Account shall be applied as extra payments on the Bonds.

Section 11. Fiscal Year. The fiscal year of the District shall begin on the first day of July in each year and shall end on the 30th day of June.

Section 12. Revenue Fund. That from and after the delivery of the bonds hereby authorized, the sewerage services system, together with all future extensions and improvements, shall be operated as a self-liquidating undertaking on the basis of a fiscal year which shall correspond with the fiscal year of the District which now begins on July 1 and ends on June 30 and all revenue derived from the operation of the sewerage services system, including all future extensions and improvements, shall be deposited in a separate fund to be designated as the "White Oak Public Service District Revenue Fund," sometimes called the Revenue Fund, and shall be used only (1) to pay the principal of and the interest on the bonds hereby authorized and to maintain reasonable reserves therefor, (2) to pay the cost of operation and maintenance of the system and (3) to provide an adequate depreciation fund; and such revenue funds shall be sufficient at all times for the above purposes.

Section 13. Administration of Revenue Funds. That the sums in the Revenue Fund shall be set aside for, allocated and credited to, and deposited in the following separate accounts, which are hereby created in the said fund by the District's Treasurer without further direction of or action by the Public Service Board of the White Oak Public Service

District.

✓ (A) Bond Fund. Into an account designated the "Sewerage Services Bond and Interest Sinking Account" there shall be deposited in each month a sum equal to at least one-twelfth (1/12) of the amount of interest or principal of and the interest on the notes authorized hereby, as the same shall become due.

✓ (B) Operation and Maintenance Fund. Into an account designated the "Sewerage Services Operation and Maintenance Account" there shall be set aside and deposited each month a sufficient portion of the balance of the income and revenue remaining in the Revenue Fund to pay the reasonable and necessary current expenses of operating and maintaining the sewerage services system for the current month.

✓ (C) Reserve Fund. Into an account designated the "Sewerage Services Bond Reserve Account" there shall be set aside and deposited each month the sum of \$ 300.00 until there is accumulated in that account the sum of \$ 30,000.00, after which no further deposits need be made into said account except to replace withdrawals. The Sewerage Services Bond Reserve Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the sewerage services system which may be caused by any unforeseen catastrophe, for making extensions or improvements to the sewerage services system, and when necessary for the purpose of making payments of principal and interest on the notes hereby authorized in the event the amount on the Sewerage Services Bond and Interest Sinking Account is insufficient to make such payments,

Whenever disbursements are made from said account, said monthly payments shall be resumed until there is again accumulated the maximum amount of \$30,000.00, at which time payments shall be again discontinued.

(D) Fiscal Year Budget. Prior to June 1st of each year beginning June 1st, 1971, the Board will prepare a budget for the ensuing fiscal year of the sewerage services system covering prospective revenues and receipts, operation and maintenance expenses, and deposits to be made during such fiscal year in the accounts set forth in Section 13 (A) (B) (C). A copy of such budget will be forwarded promptly to the State Director of the Farmers Home Administration or other official designated by the Government and a copy will be made available to any holder of either of the bonds who shall request the same.

Section 14. Additional Bonds.

A. Approval by Government. That the District shall not incur any additional indebtedness to be paid from a pledge of the revenues of the sewerage services system, without the prior written approval of the State Director of ~~the Farmers Home Administration~~ for the State of West Virginia, so long as any part of either of the bonds issued under this resolution remains unpaid.

B. Limitations upon Issuance of Parity Obligations. That nothing in this resolution contained shall be construed in such manner as to prevent the issuance, but so long as the bonds or either of them hereby authorized is held by the Government, with prior approval of the State Director of the Farmers Home Administration, by the District of additional bonds or other obligations payable from the income or any revenues derived from the operation of the

sewerage services system and constituting a lien upon said revenues on a parity with, but not prior nor superior to, the lien of the bonds herein authorized, nor to prevent the issuance of bonds or other obligations refunding all or a part of the bonds herein authorized, provided, however, that the Board is not, and has not been, in default as to any payments required to be made in Section 13 hereof for a period of not less than twenty-four months immediately preceding the issuance of such additional bonds or other obligations, or if the bonds herein authorized has not been issued and outstanding for a period of at least twenty-four months, for the longest period any of the bonds herein authorized have been issued and outstanding; and provided that before any such additional parity bonds or other parity obligations are authorized or actually issued, other than refunding bonds or other refunding obligations (unless any lien on any revenues of the sewerage services system of the obligations refunded is subordinate to the lien of the bonds herein authorized and the lien on revenues of the sewerage services system of the refunding obligations is on a parity with the lien thereon of the bonds herein authorized), the annual earnings derived from the operation of the sewerage services system for the fiscal year immediately preceding the date of the issuance of such additional parity obligations shall have been sufficient to pay the costs of operation and maintenance of the sewerage services system for said fiscal year, and, in addition, sufficient to pay an amount representing one hundred fifty per cent (150%) of the average

annual principal and interest requirements (herein referred to as the "debt service" requirements) on the then outstanding revenue bonds and other obligations of the District payable from the revenues of the sewerage services system; and provided further, that the estimated average annual earnings of said sewerage services system for the life of the then outstanding revenue bonds and the proposed revenue bonds, all payable from the revenues of the sewerage services system, shall have been sufficient to pay the estimated average annual costs of operation and maintenance of the sewerage services system for the life of both the then outstanding and the proposed revenue bonds, and, in addition, sufficient to pay an amount representing one hundred fifty per cent (150%) of the debt service requirements of the then outstanding revenue bonds combined with the debt service requirements of the proposed additional revenue bonds; provided, further, that the annual earnings derived from the operation of the sewerage services system need not equal 150% of the debt service requirements of the outstanding and the proposed additional revenue bonds or other obligations in the event the Government is the purchaser or the insurer of any such additional bonds or obligations.

C. Certification and Estimation of Earnings. A written certification by a Certified Public Accountant that said earnings for the said fiscal year immediately preceding the new obligations, when adjusted as hereinafter provided, are sufficient to pay such amounts, shall be conclusively presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver said additional bonds or other obligations on a parity

with the bonds herein authorized. Any necessary estimate of future earnings of the sewerage services system shall be prepared by a consulting engineer.

D. Consideration of Additional Expenses. In determining whether or not additional parity bonds or other parity obligations may be issued as aforesaid, consideration shall be given to any probably increase (but not reduction) in operation and maintenance expenses that will result from the expenditures of the funds proposed to be derived from the issuance and sale of the said bonds or other obligation.

E. Junior Obligations Permitted. Nothing herein contained shall be construed so as to prevent the District from issuing bonds or other obligations payable from the revenues of the sewerage services system and having a lien thereon subordinate, inferior and junior to the lien of the bonds authorized to be issued by this resolution; provided, however, that so long as the bonds authorized hereby are held by the Government prior written approval is obtained from the State Director of the Farmers Home Administration.

F. Superior Obligations Prohibited. Nothing herein contained shall be construed so as to permit the District to issue bonds or other obligations payable from the revenues of the sewerage services system and having a lien thereon prior and superior to the bonds herein authorized to be issued.

Section 15. Refunding Bonds. That the provisions of Section 14 hereof are subject to the exception that if at any time after the bonds or other obligations herein or hereafter authorized, or any part thereof shall

have been issued, the Board shall find it desirable to refund said bonds or other obligations, said bonds or other obligations or any part thereof, may be refunded (but only with the consent of the holder or holders thereof, unless the bonds or other obligations have matured, or are then callable for prior redemption, and have been properly called), without changing the priority of the lien for the payment of the refunding obligations on the revenues of the sewerage services system, except as provided in Paragraph B of Section 14 hereof; and the refunding bonds or other obligations so issued shall enjoy complete equality of lien with the portion of said bonds or other obligations which is not refunded, if any there be; and the holder or holders of the refunding bonds or other obligations shall be subrogated to all the rights and privileges enjoyed by the holder or holders of the bonds or other obligations refunded thereby; provided, however, that if only a part of the outstanding bonds or other obligations is refunded, and if such bonds or other obligations are refunded in such manner that the interest rate thereof is increased or if any refunding obligation matures at an earlier date than the maturity date of the corresponding obligations refunded thereby, then such obligations may not be refunded without the consent of the holder or holders of the unrefunded portion of said obligation; and that the refunding bonds or other obligations shall either be sold for cash at not less than the par value and accrued interest, and the proceeds thereof shall be used to pay the obligations refunded, or if so permitted by law, and then only with the consent of the holder or holders of the obligations refunded, the refunding obligations shall be delivered dollar for dollar in exchange for the bonds or other obligations refunded.

Section 16. Protective Covenants. That the District hereby covenants and agrees with each and every holder of the bonds issued hereunder:

A. Use of Bond Proceeds. That the District will proceed without delay, to acquire and construct the sewerage services system, as hereinabove provided.

B. Use Charges. That while the bonds authorized herein remain outstanding and unpaid, the rates for all services rendered by the Sewerage Services System to all consumers within or without the boundaries of the District shall be reasonable and just, taking into account and consideration the cost and value of the sewerage services system and the proper and necessary allowance for the depreciation thereof and the amounts necessary for the retirement of the bonds and other securities or obligations payable from the revenues of the system, the accruing interest thereon, and reserves therefor; and there shall be charged against all purchasers of service, such rates and amounts as shall be adequate to meet the requirements of this and the preceding sections hereof, and which shall be sufficient to produce revenues or earnings annually to pay the annual operation and maintenance expenses, the costs of all essential replacements and repair, the principal of and interest on the revenue bonds, and any other obligations payable from the revenues thereof, plus reserves therefor, all of which revenues derived from the operation of the sewerage services system shall be subject to distribution in accordance with provisions of Section 13 and that no free service or facilities shall be furnished by the sewerage services system to anyone.

C. Levy of Charges. That the District will, prior to the delivery of the Revenue Bonds herein authorized, or either of them, fix, establish and levy the rates and charges which are required by Section 16B hereof. No reduction in the initial rate schedule for the sewerage services system may be made unless:

(1) The District has fully complied with all of the provisions of Sections 12 and 13 of this resolution for at least the full calendar year immediately preceding such proposed reduction of the initial rate schedule; and

(2) The Reserve Fund provided in Section 13 has been built up to the required minimum reserve of \$ 30,000.00.

(3) The audit required to be made by the Certified Public Accountant by Section 16G of this resolution for the full fiscal year immediately preceding such proposed rate reduction discloses that the estimated revenues which would result from the proposed rate schedule will be sufficient to produce adequate revenues or earnings annually to pay the annual operation and maintenance expenses, the costs of all essential replacements and repairs to the sewerage services system, the principal of and interest on the Revenue Bond, and any other obligations payable annually from the revenues of the sewerage services system, and provide payments for the reserve fund required by this resolution; and

(4) The prior written approval of the State Director of the Farmers Home Administration has been obtained, so long as the revenue bonds issued hereunder are insured by the Government.

D. Efficient Operation. That the District will operate the sewerage services system, so long as the bonds herein authorized are outstanding, will maintain said sewerage services system in efficient operating condition and will make such improvements, extensions, enlargements, repairs and betterments thereto as may be necessary or advisable to insure its economical and efficient operation at all times.

E. Records. That so long as the bonds remain outstanding proper books of record and account will be kept by the District, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the system. Such books shall include (but not necessarily be limited to) monthly records showing:

- (1) The number of customers.
- (2) The total revenues received from charges to customers.
- (3) A detailed statement of the expenses of the system.

F. Right to Inspect. That any holder of either of the bonds, or any duly authorized agent or agents of such holder, or representative of Farmers Home Administration, shall have the right at all times to inspect all records, accounts and data relating thereto, and to inspect the system and all properties comprising the system.

G. Audits. That the District further agrees that it will, within sixty days following the close of each fiscal year, cause an audit of such books and accounts to be made by a qualified Public Accountant, showing the receipts and disbursements for the account of the sewerage services system, and that such audit will be available for inspection by any holder of either of the bonds. Each audit, in addition to whatever matters may be thought

reasonable, should include in detail the financial condition and records of the District and the sewerage services system, including the rates, number and type of connections and the status of the several funds herein before created, and a list of the insurance policies in force at the end of the fiscal year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy. All expenses incurred in the making of the audits and reports required by this section shall be regarded and paid as a maintenance and operation expense. The District agrees to furnish forthwith a copy of each of such audit and report to the State Director of the Farmers Home Administration and to any bond holder upon request after each such audit and report has been prepared, and that any such holder shall have the right to discuss with the accountant or person taking the audit and report the contents thereof and to ask for such additional information as he may reasonably require.

H. Billing Procedure. That all bills for sewerage service or facilities furnished by or through the sewerage services system shall be rendered to customers monthly and shall be due on the date rendered. Ten per cent (10%) shall be added to the net amount of each bill not paid in full within ten (10) days after the date of the bill; and in the event said bills are not paid within sixty (60) days after the date rendered and the rates and charges due shall be collected in a lawful manner. The District shall have a lien on each lot or parcel of land served by said sewerage services system for charges imposed for all service rendered by said sewerage services system. Notices of such liens shall be filed and

liens shall be enforced as provided by the laws of West Virginia.

I. Charges and Liens, Revenues and Sewer Services. That from the revenues of the sewerage services system, the District will pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied, assessed upon or in respect to said sewerage services system, or any part thereof, when the same shall become due, and it will duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the sewerage services system; and the District will not create or suffer to be created any lien or charge upon the sewerage services system or upon the revenues therefrom except as permitted by this resolution, and it will make adequate provision to satisfy and discharge within sixty days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects, which, if unpaid, might by law become a lien upon the sewerage services system or upon the revenues therefrom; provided, however, that nothing herein shall require the District to pay or cause to be discharged, or make provision for any such tax assessment, lien or charge before the time when payment thereof shall be due or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings.

J. Insurance. That the District, in its operation of the sewerage services system, will carry fire and extended coverage insurance, Workmen's Compensation insurance, if required by State law, and public liability insurance and other types of insurance in such amounts and to such extent as is normally carried by private corporations operating public utilities of the same type. The cost of such insurance shall be considered one of

operation costs of the system. In the event of property loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged, any remainder shall be treated as net income, and shall be subject to distribution in the manner provided hereinabove in Section 13 hereof, for net income and revenues derived from the operation of the system.

K. Competing System. That as long as the bond hereby authorized is outstanding, the District shall not permit (except as it may legally be required to do so) any person, association, firm or corporation to furnish sewerage services or facilities to any consumer, public or private, within the area served by the sewerage services system.

L. Alienating System. That the District will not sell, lease, mortgage, pledge, or otherwise encumber, or in any manner dispose of, or otherwise alienate, the sewerage services system, or any part thereof, including any and all extensions and additions that may be made thereto until the bonds herein authorized to be issued shall have been paid in full, both principal and interest, except that so long as the bonds are held by the Government, the District, with the prior written approval of the State Director of the Farmers Home Administration, may sell any portion of said property which shall have been replaced by other property of at least equal value, or which shall cease to be necessary for the efficient operation of the system, but in no manner nor to such extent as might prejudice the security for the payment of the bonds herein authorized; provided, however, that in the event of any sale as aforesaid, the proceeds of such sale shall be

distributed as net income of the system in accordance with the provisions of Section 13 hereof.

M. Surety Bonds. That each official or other person having custody of any funds derived from operation of the sewerage services system or responsible for their handling, shall be bonded for the full faithful performance of this duties in an amount at least equal to the total funds in his custody at any one time. The costs of each such bond shall be considered one of the operating costs of the sewerage services system. The surety company shall be approved by the Farmers Home Administration, and the United States of America shall be named as co-obligee.

N. Competent Management. That the District shall employ experienced and competent management personnel for the sewerage services system. In the event of default on the part of the District in paying principal of or interest on either of said bonds promptly as each falls due, or in the keeping of any covenants herein contained, and if such default shall continue for a period of sixty days, or if the net revenues of the system in any fiscal year should fall to equal at least the amount of the principal of and interest on the revenue bonds and other obligations (including all reserves therefor specified in this resolution) payable from said net revenues in that fiscal year, the District shall retain a firm of competent management engineers skilled in the operation of sewer systems to assist the management of the sewerage services system so long as such default continues or the net revenues are less than the amount hereinabove designated.

O. Performing Duties. That the District will faithfully and punctually perform all duties with respect to the sewerage services system required by the Constitution and laws of the State of West Virginia and the resolution of the District, including but not limited to the making and collecting of reasonable and sufficient rates and charges for services rendered or furnished by the system as hereinbefore provided, and the proper segregation of the revenues of the sewerage services system and their application to the respective funds.

P. Other Liens. That other than as provided by this resolution, there are no liens or encumbrances of any nature whatsoever, on or against the sewerage services system or the revenues derived or to be derived from the operation thereof.

Q. District's Existence. That the District will maintain its corporate identity and existence so long as any of the bonds herein authorized remain outstanding.

R. Completion Bonds. That in order to insure the completion of the sewerage services system, and to protect the holder or holders of the bonds, the District will require that the contractor, to whom is given any contract for construction appertaining to the sewerage services system, furnish to the District a completion bond or bonds satisfactory to the District and the Government, and that any sum or sums derived from such completion bond or bonds shall be used within six months after such receipt for the completion of said construction, and if not so used within such period, shall be placed in and be subject to the provisions of the Revenue Fund provided for herein.

Section 17. Events of Default. That each of the following events is hereby defined as an "event of default":

A. Nonpayment of Principal and/or Interest. If payment of any installment of principal and/or interest of either of the bonds herein authorized to be issued shall not be made when the same shall become due and payable, or within 30 days thereafter.

B. Incapable to Perform. If the District shall for any reason be rendered incapable of fulfilling its obligations hereunder.

C. Default of any Provision. If the District shall make default in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the bonds and in this resolution on its part to be performed, and if such default shall continue for sixty (60) days after written notice specifying such default, and requiring the same to be remedied shall have been given to the District by the holder of either of the bonds.

Section 18. Remedies for Defaults. That upon the happening and continuance of any of the events of default as provided in Section 17 of this resolution, then and in every case the holder of either of the bonds may proceed against the District, its governing body, and its agents, officers and employees to protect and enforce the rights of the holder or holders of the bonds under this resolution by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any power, legal or equitable

remedy as may be deemed most effectual to protect and enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any such right or to require the governing body of the District to act as if it were the trustee of an expressed trust, or any combination of such remedies. Any receiver appointed in any proceedings to protect said rights, the consent to any such appointment being hereby expressly granted, may enter and take possession of the sewerage services system, operate and maintain the same, prescribe rates, fees or charges and collect, receive and apply all revenues arising after the appointment of such receiver in the same manner as the District itself might do. The failure so to proceed shall not relieve the District or any of its officers, agents or employees of any liability for failure to perform any duty. Each such right or privilege of the bondholders (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any such right or privilege shall not be deemed a waiver of any other right or privilege thereof.

Section 19. Compensation of Board Members. The District hereby covenants and agrees that the total annual salaries to be paid to the members of its Board shall not exceed \$500.00, the said amount of \$500.00 to be allocated to the Board members by resolution enacted by the Board. The District further covenants and agrees that the aggregate salaries paid to all employees shall not exceed the amount paid for similar work to employees of comparable sewer systems.

Section 20. Amendment of Resolution. That this resolution may be amended or supplemented by resolution adopted by the Board in accordance with the laws of the State of West Virginia but no such amendment or

supplement by way of resolution or otherwise shall be adopted so long as the bonds or either of them are held by the Government without the prior written consent of the State Director of the Farmers Home Administration.

Section 21. Equal Opportunity for Employment. The Chairman of the Public Service Board is hereby authorized and directed to execute for and on behalf of the District, Form FHA 400-1, "Equal Opportunity Agreement," to which is attached and made a part thereof an "Equal Opportunity Clause," designated as Form FHA 400-2, to be incorporated in, or attached as a rider to each construction contract exceeding \$10,000.00 which is financed wholly or partially with the loan and Form FHA 400-4, "Nondiscrimination Agreement", (under Title VI of the Civil Rights Act of 1964.)

Section 22. Severability Clause. That if any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 23. Repealer Clause. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.

Section 24. Resolution a Contract Subject to Enabling Acts and Regulations. The provisions of this resolution are subject to the West Virginia Code, Chapter 16, Article 13A, and the applicable regulations of the Farmers Home Administration and shall constitute a contract between the District and the Government so long as either of said bonds are held by the Government.

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF FAYETTE
WHITE OAK PUBLIC SERVICE DISTRICT
SEWERAGE SERVICES REVENUE BOND
SERIES A
NUMBER ONE

KNOW ALL MEN BY THESE PRESENTS: That White Oak Public Service District, of Fayette County, West Virginia (hereinafter called the "Borrower"), hereby acknowledges itself indebted and for value received promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (hereinafter called the "Government"), the principal sum of \$ 129,000.00, plus interest on the unpaid principal balance at the rate of $4 \frac{1}{8} \%$ per annum. The said principal and interest shall be payable in the following installments on or before the following dates: \$ _____ on the first day of January, 1969, \$17,696.00 on the first day of January, 1970, and \$22,548.00 annually thereafter on the first day of January until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty (40) years from the date of the Bond.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower in accordance with the schedule stated on the reverse side hereof, and interest shall accrue on the amount of each advance from its actual date as shown on that schedule.

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

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

Both the principal and interest shall be paid to the United States of America as such registered holder at the office of the Farmers Home Administration serving Fayette County, West Virginia.

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

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt; and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government, at its option, may declare all or any part of any such indebtedness immediately due and payable.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961, and shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is issued under the authority contained in Article 13A, Chapter 16, Code of West Virginia, and a resolution duly adopted by Borrower on the _____ day of _____, 19____, for the purpose of defraying a portion of the costs of acquiring and constructing a sewerage services system.

Article 13A, Chapter 16, Code of West Virginia, provides that the property and income of the Borrower and any Bonds issued by the Borrower shall be exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond is payable from all or any part of the revenue derived from the operation of said sewerage services system, a sufficient portion of which to pay the principal and interest on this Bond is pledged and shall be set aside as a special fund for that purpose.

This Bond does not constitute a debt of Borrower within the meaning of any statutory limitation.

A statutory mortgage lien, which is hereby recognized as valid and binding upon Borrower and all property constituting said sewerage services system is created and granted to and in favor of the holder of this Bond and said sewerage services system and any appurtenances or extensions thereto shall remain subject to said statutory mortgage lien until the payment in full of the principal and interest on this Bond.

It is hereby certified, recited and declared that all acts, conditions, and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, and happened, and have been performed in due time, form and manner as required by law, that the amount of this Bond, together with all obligations of the District, does not exceed any limits prescribed by the Constitution and statutes of the State of West Virginia, and that a sufficient portion of the net operating income of the sewerage services system of the

District has been pledged ~~to the full to be paid~~ into the Bond Fund
for the prompt payment of the installments of the principal of and
interest on this Bond.

~~It is hereby certified~~, White Oak Public Service District has caused
this Bond to be signed by the Chairman of its Public Service Board and
its corporate seal to be herewith affixed and attested by the Secretary
of said Board, all as of the _____ day of _____, 19____.

WHITE OAK PUBLIC SERVICE DISTRICT

By _____
Chairman of its Public
Service District Board

(CORPORATE SEAL)

ATTEST:

Secretary of its Public
Service District Board

REGISTRATION

(No writing below except by the Bond Registrar)

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Bond Registrar</u>
_____	Farmers Home Administration	_____
_____	_____	_____
_____	_____	_____

SCHEDULE OF ADVANCES

Proceeds Date of Advance Amount APPROX. DATE OF PAYMENT

May 1, 1968 \$229,000.00

September 1, 1968 \$200,000.00

TOTAL ADVANCES \$429,000.00

APPROVED AND FORWARDED:
[Signature]

(TYPE NAME)

TITLE

APPROVED AND FORWARDED:
[Signature]

EXPLANATION

(This schedule shows only the advances made)

<u>Date</u>	<u>Amount</u>	<u>Explanation</u>

Row = E/O

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF PAYETTE
WHITE OAK PUBLIC SERVICE DISTRICT
SEWERAGE SERVICES REVENUE BOND
SERIES A
NUMBER TWO

KNOW ALL MEN BY THESE PRESENTS: That White Oak Public Service District of Payette County, West Virginia (hereinafter called the "Borrower"), hereby acknowledges itself indebted and for value received promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (hereinafter called the "Government"), the principal sum of \$ 40,000.00, plus interest on the unpaid principal balance at the rate of 4.75% per annum. The said principal and interest shall be payable in the following installments on or before the following dates: \$ _____ on the first day of January, 1969, \$ 1,900.00 on the first day of January, 1970, and \$ 2,293.00 annually thereafter on the first day of January until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty (40) years from the date of the Bond.

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

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

Both the principal and interest shall be paid to the United States of America as such registered holder at the office of the Farmers Home Administration serving Fayette County, West Virginia.

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

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt; and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government, at its option, may declare all or any part of any such indebtedness immediately due and payable.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961, and shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is issued under the authority contained in Article 13A, Chapter 16, Code of West Virginia, and a resolution duly adopted by Borrower on the _____ day of _____, 19____, for the purpose of defraying a portion of the costs of acquiring and constructing a sewerage services system.

Article 13A, Chapter 16, Code of West Virginia, provides that the property and income of the Borrower and any Bonds issued by the Borrower shall be exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond is payable from all or any part of the revenues derived from the operation of said sewerage services system, a sufficient portion of which to pay the principal and interest on this Bond is pledged and shall be set aside as a special fund for that purpose.

This Bond does not constitute a debt of Borrower within the meaning of any statutory limitation.

A statutory mortgage lien, which is hereby recognized as valid and binding upon Borrower and all property constituting said sewerage services system is created and granted to and in favor of the holder of this Bond and said sewerage services system and any appurtenances or extensions thereto shall remain subject to said statutory mortgage lien until the payment in full of the principal and interest on this Bond.

It is hereby certified, ~~proved~~ and declared that all acts, conditions, and things required to exist, happen and be performed ~~precedent to and in the issuance of this Bond have existed, and~~ ~~happened, and have been performed in due time, from and since~~ as required by law, ~~that the amount of this Bond, together with~~ ~~all obligations of the District, does not exceed any limits~~ prescribed by the Constitution and statutes of the State of West Virginia, and that a sufficient portion of the net operating ~~income of the sewerage services system of the District has been~~ pledged to and will be set aside into the Bond Fund for the prompt payment of the installments of the principal of and interest on this Bond.

IN WITNESS WHEREOF, White Oak Public Service District has caused this Bond to be signed by the Chairman of its Public Service Board and its corporate seal to be hereunto affixed and attested by the Secretary of said Board, all as of the _____ day of _____, 19____.

WHITE OAK PUBLIC SERVICE DISTRICT

By _____
Chairman of its Public
Service District Board

(CORPORATE SEAL)

ATTEST:

Secretary of its Public
Service District Board

It is hereby certified that the foregoing is a true and correct copy of the original as the same appears in the records of the Board of Public Service Commissioners of the State of New York.

(No writing below except by Bond Registrar)

Date of issue: _____
Name of registered owner: United States of America
Farmers Home Administration

Signature of
Bond Registrar

The Board of Public Service Commissioners of the State of New York, do hereby certify that the foregoing is a true and correct copy of the original as the same appears in the records of the Board of Public Service Commissioners of the State of New York.

The Board of Public Service Commissioners of the State of New York, do hereby certify that the foregoing is a true and correct copy of the original as the same appears in the records of the Board of Public Service Commissioners of the State of New York.

The Board of Public Service Commissioners of the State of New York, do hereby certify that the foregoing is a true and correct copy of the original as the same appears in the records of the Board of Public Service Commissioners of the State of New York.

WITNESSETH OUR PUBLIC SERVICE COMMISSIONERS

Chairman of the Public Service Board

Secretary of the Public Service Board

COPY

RECEIVED

MAY 19 1992

Stafford Consultants



STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE, LABOR AND ENVIRONMENTAL RESOURCES
DIVISION OF NATURAL RESOURCES
WATER RESOURCES SECTION

1201 Greenbrier Street
Charleston, West Virginia 25311-1088
Telephone (304) 558-2107
TDD (304) 558-2751

GASTON CAPERTON
Governor

J. EDWARD HAMRICK III
Director

CERTIFIED RETURN RECEIPT REQUESTED

ORDER NO.: 3231

DATE: May 14, 1992

TO: White Oak PSD
Box 358
Scarbro, WV 25917

ORDER

MODIFICATION OF WV/NPDES WATER POLLUTION CONTROL
PERMIT NO. WV0044041

Whereas, the White Oak Public Service District owns and operates a wastewater disposal system subject to the terms and conditions of WV/NPDES Permit No. WV0044041, with an issuance date of May 7, 1990 and an expiration date of May 6, 1995.

Whereas, the above referenced permit authorizes combined sewer relief points to discharge when such discharges are necessary to relieve excess storm water entering the system and exceeding the hydraulic capacity of the sewers and/or the treatment plant. Monitoring reports of the discharges from said points are required of the permittee.

Whereas, in accordance with the National Combined Sewer Overflow (CSO) Control Strategy, the Chief has developed a State Control Strategy to apply to all Publicly Owned Treatment Works (POTWs) which operate collection systems with CSOs.

The Chief has determined that various provisions of the strategy should be implemented by the permittee, so that the environmental impacts of the permittee's CSOs are minimized.

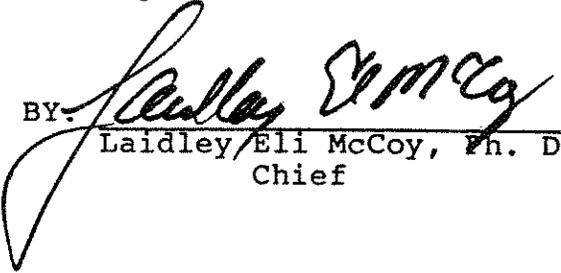
Whereas, White Oak Public Service District owns and operates a combined sewer system with one (1) CSO and is subject to requirements of the above referenced strategy.

White Oak Public Service District
Page 2
May 14, 1992

Therefore, in accordance with the West Virginia Water Pollution Control Act, Chapter 20, Article 5A, it is hereby:

ORDERED that the above referenced WV/NPDES Water Pollution Control Permit is hereby modified to incorporate necessary CSO requirements and schedule of events with the respective dates of compliance as outlined in Attachment A. This modification replaces all current CSO requirements contained in the permit, however, CSOs identified in the permit remain the same.

ENTERED this 14th day of May 1992. This ORDER shall become effective twenty (20) days after receipt.

BY: 
Laidley Eli McCoy, Ph. D.
Chief

LEM:psl

Attachments

ATTACHMENT A

Outlet Number 001-A serves as a combined sewer relief point. Combined Sewer Overflows (CSOs) are allowed only when flows in combined sewers exceed conveyance capacities during wet weather periods. CSOs are point source discharges which must be provided technology based control measures in accordance with the Clean Water Act. Additional control measures may also have to be provided if determined necessary to comply with water quality standards. At a minimum, technology-based control measures must include best management practices or other non-capital intensive measures to minimize discharges and water quality impacts.

The permittee shall provide and implement a plan of action for (1) minimization of discharges, and (2) evaluation of water quality impacts in accordance with the following schedule:

<u>DESCRIPTION OF ACTIVITY</u>	<u>DUE DATE</u>
Submit a conceptual plan to State	November 15, 1992
Submit a final plan to State	November 15, 1993
Completion of planned minimization of discharges	May 15, 1995
Completion of planned evaluation of water quality impacts	May 15, 1996

The plan of action should address, at a minimum, the following measures:

Minimization of Discharges

- Regular inspection and maintenance of the combined sewer system to ensure that (1) deposition of solids does not cause obstructions which result in overflows, (2) dry weather discharges are not occurring, and (3) regulators are in good working order and adjusted to minimize overflows.

ATTACHMENT A CONTD.

- . Development of a high flow management plan which (1) maximizes the capacity of the combined sewer system for storage without causing backup or surcharge problems, and (2) enables a maximum amount of flow to be conveyed to the treatment plant without upsetting normal plant operations. Measures to be evaluated should include raising overflow weir levels and possible utilization of primary settling facilities for treatment if sufficient excess capacity is available.
- . Restrictions of infiltration/inflow into the sewer system where such flows contribute to increased frequencies and amounts of overflows.
- . Modification of the sewer ordinance where necessary to ensure prohibition of (1) dry weather overflows, (2) construction of new combined sewers, (3) inflow sources into sanitary sewers tributary to the combined system, and (4) motor oil and excessive grease into the sewer system.
- . Minimization of discharges of floating materials by (1) regular cleaning of streets and catch basins, and (2) installation of screens prior to all, or selected critical, CSO discharges.

Evaluation of Water Quality Impacts

- . Analysis of water quality upstream and downstream from CSO discharges to assess their impacts. Emphasis should be placed on critical periods, especially summer storm events following dry weather-low flow periods.
- . Monitoring of the rates and durations of representative discharges during varying rainfall conditions.
- . Analysis of the quality of representative discharges.

Reporting Requirements

- . The permittee shall submit written quarterly progress reports detailing actions taken to meet the above schedule.

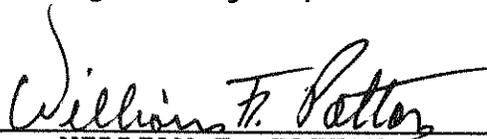
FARMERS HOME ADMINISTRATION
FEDERAL BUILDING, ROOM 320
75 HIGH STREET
MORGANTOWN, WV 26505-7500

WHITE OAK PUBLIC SERVICE DISTRICT
Sewer Revenue Bond
Series 1992 A and Series 1992 B

TO WHOM IT MAY CONCERN:

Notwithstanding anything to the contrary which may be provided in the resolution of White Oak Public Service District (the "Issuer") adopted November 13, 1968 (the "Prior Resolution"), authorizing issuance of the Sewerage Services Revenue Bond, Series A, No. 1, and Sewerage Services Revenue Bond, Series A, No. 2, of the Issuer, both dated November 13, 1968 (collectively, the "Prior Bonds"), the undersigned Acting State Director, for the United States of America, Farmers Home Administration, as sole present holder of the Prior Bonds, hereby consents to the issuance of the Issuer's Sewer Revenue Bonds, Series 1992 A, in the original aggregate principal amount of \$319,355, on a parity basis, with respect to liens, pledge and source of and security for payment, with the Prior Bonds, and the Issuer's Sewer Revenue Bonds, Series 1992 B, in the original aggregate principal amount of \$10,645, on a junior and subordinate basis, with respect to liens, pledge and source of and security for payment, to the Prior Bonds, (collectively, the "Series 1992 Bonds"), under the terms of the Bond and Notes Resolution authorizing such Series 1992 Bonds, and hereby waives any requirements imposed by the Prior Bonds or the Prior Resolution regarding the issuance of parity and junior bonds which are not met by the Series 1992 Bonds.

Dated this 12th day of August, 1992.



WILLIAM F. PATTON
Acting State Director

FLOW OF FUNDS SCHEMATIC DIAGRAM - SYSTEM REVENUES

