$6,192,677
Bradley Public Service District
Sewer Revenue Bond
Series 2005 A (State Revolving Fund)

Closing Date: January 14, 2005

APPROVING OPINION: Goodwin & Goodwin, LLP

DISTRIBUTION LIST

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND
SERIES 2005 A (STATE REVOLVING FUND)

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BRADLEY PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 2005 A

(STATE REVOLVING FUND)

BOND RESOLUTION

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BRADLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE PREPAYMENT OF THE SEWERAGE SYSTEM DESIGN NOTE, SERIES 2002B (WEST VIRGINIA INFRASTRUCTURE FUND), OF BRADLEY PUBLIC SERVICE DISTRICT AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BRADLEY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $6,192,677 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SEWER REVENUE BOND, SERIES 2005 A (STATE REVOLVING FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF BRADLEY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of the acquisition, construction, installation and equipping of a new 1 mgd SBR wastewater treatment plant at the location of the existing plant on North Sands Fork of Paint Creek, utilizing the clarifiers, digesters, oxidation ditch and lab building of the existing facility, and related property and equipment (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System").

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bond, Series 2005 A (West Virginia SRF Program), in the aggregate principal amount of not more than $6,192,677 (the "Series 2005 Bond"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquiring, constructing and equipping of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2005 Bond prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2005 Bond Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2005 Bond and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of acquiring, constructing and equipping the Project, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2005 Bond 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 the completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Series 2005 Bond be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. The Issuer has heretofore issued its Sewerage System Design Note, Series 2002B (West Virginia Infrastructure Fund), dated June 25, 2002, in the original principal amount of $200,000 (the "Note"), to temporarily finance a portion of the costs of design of the Project. The Note is secured by a lien on the proceeds of any grants, revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Note. The Issuer hereby determines that it is in its best interest to pay the entire outstanding principal of and all interest and administrative fees on the Note in full with proceeds of the grant from the West Virginia Infrastructure Fund on the Closing Date.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 Bond as to liens, pledge and source of and security for payment, which obligations are designated as follows:

a. Sewer Revenue Bond, Series 1978, dated December 17, 1979, issued in the original principal amount of $1,522,000 (the "Series 1979 Bonds");

b. Sewer Revenue Bonds, Series 1995 A, 1995 B and 1995 C, dated March 16, 1995, issued in the original principal amounts of $2,000,000, $1,676,000 and $250,000, respectively (collectively, the "Series 1995 Bonds"); and

c. Sewer Revenue Bonds, Series 2002A (State Revolving Fund), dated June 25, 2002, issued in the original principal amount of $293,000 (the "Series 2002A Bonds").

The Series 1979 Bonds, the Series 1995 Bonds and the Series 2002A Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2005 Bond shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements for issuance of parity bonds of the Prior Bonds and the resolutions authorizing the Prior Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior

to the issuance of the Series 2005 Bond, the Issuer will obtain the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and the written consents of the Holders of the Prior Bonds to the issuance of the Series 2005 Bond on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System after the payment of the Note.

H. The estimated revenues to be derived in each year following completion of the Project will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2005 Bond and the Prior Bonds, and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and equipping of the Project and the operation of the System and issuance of the Series 2005 Bond, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2005 Bond or such final order will not be subject to appeal or rehearing.

J. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 Bond by those who shall be the Registered Owner of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, 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 Owner of such Series 2005 Bond, which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2005 Bond, 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.

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

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

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

"Bonds" means, collectively, the Series 2005 Bond, the Prior Bonds, and any bonds on parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2005 Bond for all or a portion of the proceeds of the Series 2005 Bond from the Authority.

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

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

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

"Consulting Engineers" means Ghosh Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of

1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquiring, constructing and equipping the Project.

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

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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

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

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

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

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

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of

the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, 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.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2005 Bond from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2005 Bond, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2005 Bond Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2005 Bond, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property, as defined in Section 148(b) of the Code, that is not a purpose investment.

"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, the SRF Administration Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2005 Bond in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1979 Bonds, the Series 1995 Bonds and the Series 2002A Bonds as described in Section 1.02G hereof.

"Prior Resolutions" means, individually or collectively, the resolution of the Issuer adopted October 16, 1978, authorizing the Series 1979 Bonds; the resolution of the Issuer adopted March 8, 1995, authorizing the Series 1995 Bonds; and the resolution of the Issuer adopted May 8, 2002, authorizing the Series 2002A Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that use as a member of the general public shall not be taken into account.

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above or fully insured by the FDIC, with member banks of the Federal Reserve system or 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 Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; and

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2005 Bond and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Series 2005 Bond and the Prior Bonds.

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

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

"Series 2005 Bond" means the Sewer Revenue Bond, Series 2005 A (State Revolving Fund), of the Issuer, authorized by this Resolution.

"Series 2005 Bond Construction Trust Fund" means the Series 2005 Bond Construction Trust Fund established by Section 5.01 hereof.

"Series 2005 Bond Reserve Account" means the Series 2005 Bond Reserve Account established by Section 5.02 hereof.

"Series 2005 Bond Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 Bond in the then current or any succeeding year.

"Series 2005 Bond Sinking Fund" means the Series 2005 Bond Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2005 Bond and the Prior Bonds.

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2005 Bond; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2005 Bond, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2005 Bond, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words

importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND THE PREPAYMENT OF THE NOTE

Section 2.01. Authorization of Acquisition and Construction of the Project and the Prepayment of the Note. There is hereby authorized and ordered the acquisition, construction and equipping of the Project, at an estimated cost of $8,192,677, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, approved by the DEP and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2005 Bond hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of acquisition and construction of the Project is estimated to be $8,192,677, of which $6,192,677 will be obtained from the proceeds of the Series 2005 Bond and $2,000,000 will be obtained from a grant from the West Virginia Infrastructure Fund.

The cost of prepaying the Note is estimated to be $206,000, which will be obtained from proceeds of the grant from the West Virginia Infrastructure Fund.

ARTICLE III

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

Section 3.01. Authorization of Bond. For the purposes of funding a reserve account for the Series 2005 Bond, paying Costs of constructing the Project not otherwise provided for and paying certain costs of issuance of the Series 2005 Bond and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2005 Bond of the Issuer. The Series 2005 Bond shall be issued as a single bond, designated as "Sewer Revenue Bond, Series 2005 A (State Revolving Fund)," in the principal amount of not more than $6,192,677, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2005 Bond remaining after funding the Series 2005 Bond Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2005 Bond, if any, shall be deposited in or credited to the Series 2005 Bond

Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bond. The Series 2005 Bond shall be issued in such principal amount; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2005 Bond shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2005 Bond, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2005 Bond shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2005 Bond, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2005 Bond shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bond then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bond; 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. Such bonds shall be dated and shall bear interest, if any, as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bond. The Series 2005 Bond shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2005 Bond shall cease to be such officer of the Issuer before the Series 2005 Bond so signed and sealed have been actually sold and delivered, such bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2005 Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such bonds shall hold the proper office in the Issuer, although at the date of such bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2005 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond

Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2005 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2005 Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2005 Bond shall be conclusively deemed to have agreed that such Bond 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 Bond shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2005 Bond remains outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bond.

The registered Bond 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 the Bond or transferring the registered Bond is exercised, the Bond shall be delivered in accordance with the provisions of this Bond Legislation. The Bond surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of the Bond, 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 Bond or, in the case of any proposed redemption of the Bond, next preceding the date of the selection of the portion of the Bond to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and 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 Bond 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. The Bond 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. Bond not to be Indebtedness of the Issuer. The Series 2005 Bond shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2005 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2005 Bond or the interest, if any, thereon.

Section 3.08. Bond Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2005 Bond shall be secured by a first lien on the Net Revenues derived from the System, on parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2005 Bond and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bond. The Issuer shall execute and deliver the Series 2005 Bond to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2005 Bond to the original purchaser upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2005 Bond are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2005 Bond to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2005 Bond.

Section 3.10. Form of Bond. The text of the Series 2005 Bond shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

No. AR-1 $6,192,677

KNOW ALL MEN BY THESE PRESENTS: That BRADLEY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Raleigh 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 SIX MILLION ONE HUNDRED NINETY-TWO THOUSAND SIX HUNDRED SEVENTY-SEVEN DOLLARS ($6,192,677), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated January __, 2005.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on January 5, 2005, and a Supplemental Resolution duly adopted by the Issuer on January 5, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1978, (2) SEWER REVENUE BONDS, SERIES 1995 A, SERIES 1995 B AND SERIES 1995 C, AND (3) SEWER REVENUE BOND, SERIES 2002A (STATE REVOLVING FUND)(COLLECTIVELY, 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 this Bond (the "Series 2005 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2005 Bond Reserve Account and unexpended proceeds of this Bond. 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 this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2005 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, 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 owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, BRADLEY 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 January 14, 2005.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 Bond 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: January 14, 2005.

THE CITY NATIONAL BANK OF WEST VIRGINIA,
as Registrar

By: _____
Vice President

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $	1/14/05	(19) $	
(2) $		(20) $	
(3) $		(21) $	
(4) $		(22) $	
(5) $		(23) $	
(6) $		(24) $	
(7) $		(25) $	
(8) $		(26) $	
(9) $		(27) $	
(10) $		(28) $	
(11) $		(29) $	
(12) $		(30) $	
(13) $		(31) $	
(14) $		(32) $	
(15) $		(33) $	
(16) $		(34) $	
(17) $		(35) $	
(18) $		(36) $	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20__.

_____

In the presence of:

_____

Section 3.11. Sale of Bond; Approval and Ratification of Execution of Loan Agreement The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved. The Series 2005 Bond shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Filing of Amended Schedule. Within 60 days following the Completion Date, the Issuer will file with the Authority, the Council and the DEP a schedule, the form of which will be provided by the DEP and/or the Council, setting forth the actual costs of construction of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2005 Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2005 Bond Sinking Fund; and

(2) Series 2005 Bond Reserve Account.

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

(1) The Issuer shall first each month pay from the Revenue Fund the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the National Finance Office the amounts required by the Prior Resolutions (i) for deposit in the Series 1979 Bonds Sinking Fund for the payment of the interest on the Series 1979 Bonds and (ii) for deposit in the Series 1995 Bonds Sinking Fund for the payment of the interest on the Series 1995 Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the National Finance Office or the Commission the amounts required by the Prior Resolutions (i) for deposit in the Series 1979 Bonds Sinking Fund for payment of the principal of the Series 1979 Bonds; (ii) for deposit in the Series 1995 Bonds Sinking Fund for the payment of the principal of the Series 1995 Bonds; (iii) for deposit in the Series 2002A Bonds Sinking Fund for the payment of the principal of the Series 2002A Bond; and (iv) commencing 3 months prior to the first date of payment of principal of the Series 2005 Bond, remit to the Commission for deposit in the Series 2005 Bond Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 Bond on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 Bond Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Depository Bank or the Commission the amounts required by the Prior Resolutions for deposit in (i) the Series 1979 Bonds Reserve Account; (ii) the Series 1995 Bonds Reserve Account; (iii) the

Series 2002A Bonds Reserve Account; and (iv) commencing 3 months prior to the first date of payment of principal of the Series 2005 Bond, if not fully funded upon issuance of the Series 2005 Bond, remit to the Commission for deposit in the Series 2005 Bond Reserve Account, an amount equal to 1/120th of the Series 2005 Bond Reserve Requirement; provided that, no further payments shall be made into the Series 2005 Bond 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 2005 Bond Reserve Requirement.

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

Moneys in the Series 2005 Bond Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2005 Bond as the same shall become due. Moneys in the Series 2005 Bond Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2005 Bond as the same shall come due, when other moneys in the Series 2005 Bond Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2005 Bond Sinking Fund and the Series 2005 Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due, if any, on the Series 2005 Bond, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2005 Bond Reserve Account which result in a reduction in the

balance therein below the Series 2005 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2005 Bond are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2005 Bond Sinking Fund or the Series 2005 Bond Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2005 Bond issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2005 Bond, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2005 Bond Sinking Fund and the Series 2005 Bond Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2005 Bond Sinking Fund and the Series 2005 Bond Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2005 Bond Sinking Fund and the Series 2005 Bond Reserve Account shall be invested

and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2005 Bond Sinking Fund, including the Series 2005 Bond Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2005 Bond under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2005 Bond and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

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

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

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2005 Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2005 Bond, there shall first be deposited with the Commission in the Series 2005 Bond Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2005 Bond, there shall be deposited with the Commission in the Series 2005 Bond Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2005 Bond Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2005 Bond, such moneys shall be deposited with the Depository Bank in the Series 2005 Bond Construction Trust Fund and applied solely to payment of Costs of construction of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2005 Bond.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2005 Bond shall be used to fund the Series 2005 Bond Reserve Account, if not funded upon issuance of the Series 2005 Bond, in an amount not to exceed the Series 2005 Bond Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2005 Bond be deposited in the Series 2005 Bond Reserve Account. Any remaining proceeds thereafter shall be used as directed by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2005 Bond will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2005 Bond Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

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

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(B) 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) Each of such costs has been otherwise properly incurred; and

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

Pending such application, moneys in the Series 2005 Bond Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by the Holder of the Series 2005 Bond. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holder of the Series 2005 Bond as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2005 Bond or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bond not to be Indebtedness of the Issuer. The Series 2005 Bond shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2005 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2005 Bond or the interest, if any, thereon.

Section 7.03. Bond Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2005 Bond shall be secured by a first lien on the Net Revenues derived from the System, on parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2005 Bond and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered January 11, 2005, in Case No. 03-2063-PSD-CN (Reopened), and such rates are hereby adopted.

So long as the Series 2005 Bond is outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2005 Bond shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2005 Bond is outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a

whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2005 Bond, immediately be remitted to the Commission for deposit in the Series 2005 Bond Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2005 Bond. Any balance remaining after the payment of the Series 2005 Bond and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2005 Bond. All obligations issued by the Issuer after the issuance of the Series 2005 Bond and payable from the revenues of the System, except such additional parity bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2005 Bond; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2005 Bond, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2005 Bond and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2005 Bond pursuant to this Bond Legislation, except with the prior written consent of DEP and the Authority under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on parity in all respects with the Series 2005 Bond.

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

So long as the Prior Bonds held by the United States of America are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year

following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding, including, without limitation, the Prior Bonds;

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

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

The following limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Prior Bonds held by the United States of America are no longer Outstanding, the following parity requirement shall be met:

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

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2005 Bond 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 2005 Bond.

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

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. The Issuer shall maintain separate control accounting records. 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 that 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 Authority and the DEP, or any other original purchaser of the Series 2005 Bond, and shall mail in each year to any Holder or Holders of the Series 2005 Bond, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to the Holder of the Series 2005 Bond, and shall

submit said report to the Authority and the DEP, or any other original purchaser of the Series 2005 Bond. Such audit report submitted to the Authority and the DEP shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance, and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2005 Bond, 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 Bond and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 Bond, including the Prior Bonds; provided that in the event that amounts equal to or in excess of the reserve

requirements are on deposit respectively in the Series 2005 Bond Reserve Account and any reserve accounts for obligations on a parity with the Series 2005 Bond, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 Bond and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 Bond, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

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

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

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

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulation, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2005 Bond remains 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 repairs and restoration of the damaged or destroyed properties, or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form)

on the insurable portion of the Project, such insurance to be made payable to the order of the 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) WORKERS' 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, if any, and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project, provided that the amounts and terms of such coverage are satisfactory to the DEP and the Authority. 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. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion of Construction; Permits and Orders. The Issuer will cause the Project to be constructed as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the construction of the Project and operation of the System, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and the operation of the System and all approvals for issuance of the Series 2005 Bond required by state law, with all requisite appeal periods having expired without successful appeal.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2005 Bond are used for Private Business Use if, in addition, the payment of more than 10% of the principal or

10% of the interest due, on the Series 2005 Bond during the term thereof is, under the terms of the Series 2005 Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property, or borrowed money, used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2005 Bond are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2005 Bond during the term thereof is, under the terms of the Series 2005 Bond 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 a Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2005 Bond used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2005 Bond is 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 the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2005 Bond are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to person other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2005 Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2005 Bond and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2005 Bond will be and remain excluded from gross income for federal income tax purposes, and will not take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2005 Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared

to be valid and binding, shall take effect immediately upon delivery of the Series 2005 Bond, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

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

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

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2005 Bond or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2005 Bond held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2005 Bond made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the DEP and the Authority in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENTS; USE OF PROCEEDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the

written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2005 Bond from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2005 Bond as a condition to issuance of the Series 2005 Bond. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2005 Bond as may be necessary in order to maintain the status of the Series 2005 Bond as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2005 Bond which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or DEP, as the case may be, from which the proceeds of the Series 2005 Bond are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2005 Bond and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2005 Bond:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2005 Bond; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2005 Bond set forth in this Bond Legislation, any supplemental resolution or in the Series 2005 Bond, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

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

the Holders of the Series 2005 Bond shall be on parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bond 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 Owner of the Bond. 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

PAYMENT OF BOND

Section 10.01. Payment of Bond. If the Issuer shall pay, or there shall otherwise be paid, to the Holder of the Series 2005 Bond, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2005 Bond shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2005 Bond, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 Bond, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owner of the Series 2005 Bond shall be made without the consent in writing of the Registered Owner of the Series 2005 Bond so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2005 Bond or the rate of interest, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2005 Bond, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2005 Bond from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2005 Bond, 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 court of competent jurisdiction should hold any section, paragraph, clause or provision of this Resolution invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2005 Bond.

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

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and at 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, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within or in the immediate vicinity of the Bradley Public Service District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2005 Bond to be issued;

(b) The maximum interest rate and terms of the Series 2005 Bond originally authorized hereby;

(c) The public service properties to be acquired 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 5th day of January, 2005.

BRADLEY PUBLIC SERVICE DISTRICT

By: _____
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of the BRADLEY PUBLIC SERVICE DISTRICT on the 5th day of January, 2005.

Dated: January 14, 2005.

[SEAL]

_____
Secretary

EXHIBIT A

Loan Agreement included in bond transcript at Tab 3.

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE BRADLEY PUBLIC SERVICE DISTRICT, SEWER REVENUE BOND, SERIES 2005 A (STATE REVOLVING FUND); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BOND TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; MAKING PROVISIONS FOR THE PAYMENT OF THE BOND; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BOND.

WHEREAS, the Public Service Board (the "Board") of the Bradley Public Service District (the "District") has duly and officially adopted a Bond Resolution on January 5, 2005 (the "Resolution"), entitled:

> RESOLUTION AUTHORIZING THE PREPAYMENT OF THE SEWERAGE SYSTEM DESIGN NOTE, SERIES 2002B (WEST VIRGINIA INFRASTRUCTURE FUND), OF BRADLEY PUBLIC SERVICE DISTRICT AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BRADLEY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $6,192,677 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SEWER REVENUE BOND, SERIES 2005 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of the Bradley Public Service District, Sewer Revenue Bond, Series 2005 A (State Revolving Fund) (the "Bond"), in the aggregate principal amount of $6,192,677, and has authorized the execution and delivery of a

Loan Agreement by and among the District, the West Virginia Water Development (the "Authority"), and the West Virginia Department of Environmental Protection ("DEP") relating to the Bond (the "Loan Agreement"), including all schedules and exhibits attached thereto, all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act");

WHEREAS, the Resolution provided that the exact principal amount, date, maturity date, interest rate, interest and principal payment dates, sale price and other terms of the Bond should be established by a supplemental resolution pertaining to the Bond, and other matters relating to the Bond be herein provided for;

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

WHEREAS, the Bond is proposed to be purchased by the Authority pursuant to the Loan Agreement;

WHEREAS, a commitment letter has been presented to the District at this meeting;

WHEREAS, the Board deems it essential and desirable that this Supplemental Resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement and commitment letter be approved and ratified by the District, and that the exact principal amount, the date, the maturity date, the interest rate, the interest and principal payment dates, the sales price and other terms of the Bond be fixed hereby in the manner stated herein, and that other matters relating to the Bond be herein provided for; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE BRADLEY PUBLIC SERVICE DISTRICT AS FOLLOWS:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Bradley Public Service District, Sewer Revenue Bond, Series 2005 A (State Revolving Fund), originally represented by one bond, numbered AR-1, in the principal amount of $6,192,677. The Bond shall be dated the date of delivery thereof, shall finally mature September 1, 2036, and shall bear no interest. The principal on the Bond is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bond. The Bond shall be subject to redemption upon the written consent of the DEP and the Authority, upon payment of the redemption premium, if any, and upon continued compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bond. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Bond set forth in Schedule Y attached to the Loan Agreement.

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

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

Section 4. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission to serve as Paying Agent for the Bond, and The City National Bank of West Virginia to serve as Registrar and Depository Bank.

Section 5. The proceeds of the Bond, as advanced from time to time, shall be deposited in or credited to the Series 2005 Project Fund, as received from time to time for payment of Costs of the Project, including costs of issuance of the Bond.

Section 6. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bond hereby and by the Resolution approved and provided for, to the end that the Bond may be delivered on or about January 14, 2005, to the Authority pursuant to the Loan Agreement.

Section 7. The financing of the Project in part with proceeds of the Bond is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 8. The District hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the District hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such money market accounts until further directed in writing by the District. Moneys in the Series 2005 Bond Sinking Fund and the Series 2005 Bond Reserve Account shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 9. The District hereby approves and accepts all contracts relating to the financing and construction of the Project. The District hereby approves the costs of issuance and authorizes the payment of the same.

Section 10. This Supplemental Resolution shall be effective immediately following adoption hereof.

Dated: January 5, 2005

BRADLEY PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Chairman, Public Service Board

_____
Secretary, Public Service Board

CERTIFICATION

Certified as a true copy of the Supplemental Resolution adopted by the Public Service Board of the Bradley Public Service District on January 5, 2005.

Dated: January 5, 2005.

_____
Secretary, Public Service Board

[SEAL]

SRF-BPA-1
(11/01/04)

BOND PURCHASE AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND BOND PURCHASE AGREEMENT (the "Bond Purchase Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION (the "DEP"), and the local government designated below (the "Local Government").

BRADLEY PUBLIC SERVICE DISTRICT
(Local Government)

W I T N E S S E T H:

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

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to acquire bonds of particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

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

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

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

ARTICLE I

Definitions

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

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

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

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

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

1.6 "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.

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities

as may be reasonably necessary to accomplish all of the powers and rights of the Authority and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

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

so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Bond Purchase Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

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

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

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

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

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

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

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

(e) The Local Government shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the

Project, and the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council 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 and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

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

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

experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase 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 Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

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

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

Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements, established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided in the Local Act;

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

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

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting

Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

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

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

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

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or

independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for all Local Bonds;

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F

and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

(xxi) That the Local Government shall submit all proposed change orders to the DEP for written approval. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Government hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted 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, validity, sale and delivery of the Local Bonds shall be approved without qualification by nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

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

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

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

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

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

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Bond Purchase Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to purchase the Local Bonds, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Bond Purchase Agreement, the Local Government hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Bond Purchase Agreement.

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to this Bond Purchase Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Local Bonds next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Bond Purchase

Agreement, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Bond Purchase Agreement.

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

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

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

desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

6.7 The Local Government hereby agrees to file with the Authority and DEP 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 Schedules X and Y shall be attached to this Bond Purchase Agreement by the Authority as soon as practicable after the Date of Closing is established and shall be approved by an official action of the Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this Bond Purchase 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 Bond Purchase Agreement, and this Bond Purchase Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This Bond Purchase 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 Bond Purchase Agreement.

7.4 No waiver by any party of any term or condition of this Bond Purchase 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 Bond Purchase Agreement.

7.5 This Bond Purchase Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Local Bonds and constitutes the entire agreement between the parties hereto in respect thereof.

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

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

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

(ii) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by DEP if the Local Government has failed to deliver the Local Bonds to the Authority;

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

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

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

BRADLEY PUBLIC SERVICE DISTRICT

(SEAL)

By: Dayman Sweeney
Its: Chairman
Date: January 5, 2005

Attest:

Dorothy J. Reeden
Its: Secretary

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER AND WASTE MANAGEMENT

By:
Its: Director
Date: 1-5-05

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By:
Its: Director
Date: January 5, 2005

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____
Name of Bond Issue(s) _____
Type of Project _____ **Water** _____ **Wastewater**
Fiscal Year _____ **Report Month** _____

Item	Current Month	Total Year To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues				
2. Operating Expenses				
3. Bond Payments:				
Type of Issue				
Clean Water SRF				
Drinking Water TRF				
Infrastructure Fund				
Water Development Authority				
Rural Utilities Service				
Economic Development Administration				
Other (Identify)				
_____				
_____				
4. Renewal and Replacement Fund Deposits				

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 — You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

Item 2 — Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 ($900/12). This is the incremental amount for the Budget Year-to-Date column.

Item 3 — Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Local Government according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 — Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.

The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No._____, of _____, Consulting Engineers, _____, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing

set forth in Schedule attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this _____ day of _____, _____.

_____

By _____

West Virginia License No. __

[SEAL]

---

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

[2]If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - Effective October 1, 2003, the Local Government that receives $500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Government"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated ____, __, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, __ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, ____, and ending ____ 1, ____, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____

(collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement 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 Bond Purchase Agreement.

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

1. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

3. The Local Government is a duly organized and validly existing _____ _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Local Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $6,192,677
Purchase Price of Local Bonds $6,192,677

The Local Bonds shall bear no interest. Commencing December 1, 2006, principal of the Local Bonds is payable quarterly, with an administrative fee of ½%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

The Local Bonds are fully registered in the name of the Authority as to principal only and the Local Bonds shall grant the Authority a first lien on the net or gross revenues of the Local Government's system as provided in the Local Act.

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

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

1. Sewer Revenue Bonds, Series 1978, dated December 17, 1979, issued in the principal amount of $1,522,000.

2. Sewer Revenue Bonds, Series 1995 A, dated March 16, 1995, issued in the principal amount of $2,000,000.

3. Sewer Revenue Bonds, Series 1995 B, dated March 16, 1995, issued in the principal amount of $1,676,000.

4. Sewer Revenue Bonds, Series 1995 C, dated March 16, 1995, issued in the principal amount of $250,000.

5. Sewer Revenue Bonds, Series 2002 A(State Revolving Fund), dated June 25, 2002, issued in the principal amount of $293,000.

$6,192,677

Bradley Public Service District
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: January 14, 2005

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	51,605.65	-	51,605.65
03/01/2007	51,605.65	-	51,605.65
06/01/2007	51,605.65	-	51,605.65
09/01/2007	51,605.65	-	51,605.65
12/01/2007	51,605.65	-	51,605.65
03/01/2008	51,605.65	-	51,605.65
06/01/2008	51,605.65	-	51,605.65
09/01/2008	51,605.65	-	51,605.65
12/01/2008	51,605.65	-	51,605.65
03/01/2009	51,605.65	-	51,605.65
06/01/2009	51,605.65	-	51,605.65
09/01/2009	51,605.65	-	51,605.65
12/01/2009	51,605.65	-	51,605.65
03/01/2010	51,605.65	-	51,605.65
06/01/2010	51,605.65	-	51,605.65
09/01/2010	51,605.65	-	51,605.65
12/01/2010	51,605.65	-	51,605.65
03/01/2011	51,605.65	-	51,605.65
06/01/2011	51,605.65	-	51,605.65
09/01/2011	51,605.65	-	51,605.65
12/01/2011	51,605.64	-	51,605.64
03/01/2012	51,605.64	-	51,605.64
06/01/2012	51,605.64	-	51,605.64
09/01/2012	51,605.64	-	51,605.64
12/01/2012	51,605.64	-	51,605.64
03/01/2013	51,605.64	-	51,605.64
06/01/2013	51,605.64	-	51,605.64
09/01/2013	51,605.64	-	51,605.64
12/01/2013	51,605.64	-	51,605.64
03/01/2014	51,605.64	-	51,605.64
06/01/2014	51,605.64	-	51,605.64
09/01/2014	51,605.64	-	51,605.64
12/01/2014	51,605.64	-	51,605.64
03/01/2015	51,605.64	-	51,605.64
06/01/2015	51,605.64	-	51,605.64
09/01/2015	51,605.64	-	51,605.64
12/01/2015	51,605.64	-	51,605.64

$6,192,677

Bradley Public Service District
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: January 14, 2005

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2016	51,605.64	-	51,605.64
06/01/2016	51,605.64	-	51,605.64
09/01/2016	51,605.64	-	51,605.64
12/01/2016	51,605.64	-	51,605.64
03/01/2017	51,605.64	-	51,605.64
06/01/2017	51,605.64	-	51,605.64
09/01/2017	51,605.64	-	51,605.64
12/01/2017	51,605.64	-	51,605.64
03/01/2018	51,605.64	-	51,605.64
06/01/2018	51,605.64	-	51,605.64
09/01/2018	51,605.64	-	51,605.64
12/01/2018	51,605.64	-	51,605.64
03/01/2019	51,605.64	-	51,605.64
06/01/2019	51,605.64	-	51,605.64
09/01/2019	51,605.64	-	51,605.64
12/01/2019	51,605.64	-	51,605.64
03/01/2020	51,605.64	-	51,605.64
06/01/2020	51,605.64	-	51,605.64
09/01/2020	51,605.64	-	51,605.64
12/01/2020	51,605.64	-	51,605.64
03/01/2021	51,605.64	-	51,605.64
06/01/2021	51,605.64	-	51,605.64
09/01/2021	51,605.64	-	51,605.64
12/01/2021	51,605.64	-	51,605.64
03/01/2022	51,605.64	-	51,605.64
06/01/2022	51,605.64	-	51,605.64
09/01/2022	51,605.64	-	51,605.64
12/01/2022	51,605.64	-	51,605.64
03/01/2023	51,605.64	-	51,605.64
06/01/2023	51,605.64	-	51,605.64
09/01/2023	51,605.64	-	51,605.64
12/01/2023	51,605.64	-	51,605.64
03/01/2024	51,605.64	-	51,605.64
06/01/2024	51,605.64	-	51,605.64
09/01/2024	51,605.64	-	51,605.64
12/01/2024	51,605.64	-	51,605.64
03/01/2025	51,605.64	-	51,605.64
06/01/2025	51,605.64	-	51,605.64
09/01/2025	51,605.64	-	51,605.64
12/01/2025	51,605.64	-	51,605.64
03/01/2026	51,605.64	-	51,605.64
06/01/2026	51,605.64	-	51,605.64
09/01/2026	51,605.64	-	51,605.64
12/01/2026	51,605.64	-	51,605.64

$6,192,677

Bradley Public Service District
30 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: January 14, 2005

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
03/01/2027	51,605.64	-	51,605.64
06/01/2027	51,605.64	-	51,605.64
09/01/2027	51,605.64	-	51,605.64
12/01/2027	51,605.64	-	51,605.64
03/01/2028	51,605.64	-	51,605.64
06/01/2028	51,605.64	-	51,605.64
09/01/2028	51,605.64	-	51,605.64
12/01/2028	51,605.64	-	51,605.64
03/01/2029	51,605.64	-	51,605.64
06/01/2029	51,605.64	-	51,605.64
09/01/2029	51,605.64	-	51,605.64
12/01/2029	51,605.64	-	51,605.64
03/01/2030	51,605.64	-	51,605.64
06/01/2030	51,605.64	-	51,605.64
09/01/2030	51,605.64	-	51,605.64
12/01/2030	51,605.64	-	51,605.64
03/01/2031	51,605.64	-	51,605.64
06/01/2031	51,605.64	-	51,605.64
09/01/2031	51,605.64	-	51,605.64
12/01/2031	51,605.64	-	51,605.64
03/01/2032	51,605.64	-	51,605.64
06/01/2032	51,605.64	-	51,605.64
09/01/2032	51,605.64	-	51,605.64
12/01/2032	51,605.64	-	51,605.64
03/01/2033	51,605.64	-	51,605.64
06/01/2033	51,605.64	-	51,605.64
09/01/2033	51,605.64	-	51,605.64
12/01/2033	51,605.64	-	51,605.64
03/01/2034	51,605.64	-	51,605.64
06/01/2034	51,605.64	-	51,605.64
09/01/2034	51,605.64	-	51,605.64
12/01/2034	51,605.64	-	51,605.64
03/01/2035	51,605.64	-	51,605.64
06/01/2035	51,605.64	-	51,605.64
09/01/2035	51,605.64	-	51,605.64
12/01/2035	51,605.64	-	51,605.64
03/01/2036	51,605.64	-	51,605.64
06/01/2036	51,605.64	-	51,605.64
09/01/2036	51,605.64	-	51,605.64
Total	**$6,192,677.00**	-	**$6,192,677.00** *

***Plus $3,902.68 one-half percent administrative fee paid quarterly. Total fee over life of loan is $468,321.60.**

IC-3
(10/01/03)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the BRADLEY PUBLIC SERVICE DISTRICT (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $2,000,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council, contingent upon funding being available and the Governmental Agency meeting all Council program requirements;

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

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

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

TERMS

1. The Grant shall not exceed $2,000,000 and the actual amount will be determined after the Project bids are received and the Project's final costs are determined. The Grant is subject to the availability of adequate Council funds.

2. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

3. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Council and the Authority.

4. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

5. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

6. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

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

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

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

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

BRADLEY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairperson

Date: January 14, 2005

SEAL

ATTEST

_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: _____
Its: Director

Date: January 14, 2005

SEAL

ATTEST

_____
Its: Secretary-Treasurer

Exhibit A

Project Description

The Bradley PSD Waste Water Treatment Plant Improvements Project increases the existing capacity of 0.4 mgd to 1.0 mgd. The project includes the construction of the following proposed items: a plant emergency generator; a plant pump station with two submersible pumps; two common wall concrete SBR tanks with floating decanter and jet aeration; a two story influent building attached to the SBR tanks will house on the second floor a bar screen, screenings compactor, grit chamber, grit classifier, motor control center, control room and restroom; the first floor of the influent building will house two positive displacement blowers, two circulation pumps, two sludge transfer pumps and piping; a concrete flow equalization tank; a flow splitter/chlorination box; a flow measurement/dechlorination box; washwater pump station; fiberglass chlorine/sulfur dioxide building; two common wall concrete sludge digesters with three positive displacement blowers; plant SCADA and a sludge dewatering building with a 1.5 meter belt press, post lime system, one positive displacement sludge pump, storage room, control room with motor control center and sludge loading room. The Project also includes converting two round concrete clarifiers into chlorine contact tanks; renovating the existing lab/control building and two common wall concrete sludge digesters, converting the covered sludge drying beds into a garage; demolition of the existing oxidation ditch, influent structure, and chlorine contact tanks.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince, Chairman
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

November 3, 2004

Mr. Dwight Reggi, Manager
Bradley Public Service District
P.O. Box 290
Bradley, West Virginia 25818

Re: Bradley Public Service District
Sewer Project 2000S-521a
Revised Binding Commitment Letter

Dear Mr. Reggi:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Bradley Public Service District's (the "District") Infrastructure Council's binding commitment offer of October 15, 2003 to the District for financing its wastewater project. At its November 3, 2004 meeting, the Infrastructure Council voted to revise the binding commitment as shown on the attached proposed Schedule A. The revision approved the District to pursue up to $2,516,677 in Clean Water State Revolving Fund-Water Development Authority loan financing to complete the financing of this $8,192,677 project. Please contact the Department of Environmental Protection at 926-0495 to finalize this funding.

If the District has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Mark Prince

MP/km

Attachments

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Timothy Stranko
Morgantown

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

October 15, 2003

Mr. Dwight Reggi, Manager
Bradley Public Service District
P.O. Box 290
Bradley, West Virginia 25818

Re: Bradley Public Service District
Sewer Project 2000S-521a

Dear Mr. Reggi:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund grant of approximately $2,000,000 (the "Grant") to the Bradley Public Service District (the "District") for above referenced wastewater project (the "Project"). The Grant will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Grant amount will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Grant upon the District's compliance with the program requirements.

This commitment is contingent upon the Project meeting the following schedule:

a. File Certificate Case with the Public Service Commission no later than December 3, 2003
b. Advertise for bids no later than July 15, 2004
(The District must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Grant commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the District to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The Water Development Authority (the "Authority"), on behalf of the Infrastructure Council, will enter into the Grant agreement with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction and financing of the Project, evidence of binding

commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person, member of the Infrastructure Council, or agent or employee of the Authority shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the District has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Russell L. Isaacs

RLI/km

Attachments

cc: Samme Gee, Esq., Jackson & Kelly
John Stump, Esq., Steptoe & Johnson
Paul Ghosh, Ghosh Engineers
Rosalie Brodersen, DEP

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

Bradley Public Service District

By:_____

Its: _____

Date:_____

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

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

1. On the 14th day of January, 2005, at Charleston, West Virginia, the Authority received the Bradley Public Service District, Sewer Revenue Bond, Series 2005 A (State Revolving Fund) (the "Series 2005 Bond"), numbered AR-1, in the principal amount of $6,192,677, dated as of the date hereof. The Series 2005 Bond represents the entire above-captioned bond issue.

2. At the time of such receipt, the Series 2005 Bond had been executed and sealed by the designated officials of the District.

3. The District has received and hereby acknowledges receipt from the Authority of the sum of $38,750.00, being a portion of the principal amount of the Series 2005 Bond. The balance of the principal amount of the Series 2005 Bond will be advanced to the District by the Authority and the DEP as the construction of the Project progresses.

WITNESS my signature on this 14th day of January, 2005.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Barbara B Meadows
Authorized Representative

BRADLEY PUBLIC SERVICE DISTRICT

By: Dewayne Sweeney
Chairman

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER BOND

January 14, 2005

The City National Bank of West Virginia
3601 MacCorkle Ave., SE
Charleston, WV 25304
Attention: Trust Department

Ladies and Gentlemen:

We herewith hand to you, duly executed, the $6,192,677 Bradley Public Service District, Sewer Revenue Bond, Series 2005 A (State Revolving Fund), in the form of one bond, numbered AR-1, dated the date hereof (the "Bond"), issued by the Bradley Public Service District (the "Issuer"), authorized to be issued under and pursuant to the Bond Resolution adopted on January 5, 2005, as amended by a Supplemental Resolution adopted by the District on January 5, 2005 (collectively, the "Resolution"). Other defined terms herein shall have the meanings respectively given such terms in the Resolution.

You have received all the documents required to be filed with you pursuant to the Resolution.

You are hereby requested and authorized to authenticate, register and deliver the Bond on behalf of the Issuer to the West Virginia Water Development Authority, acting on behalf of the West Virginia Department of Environmental Protection, as the Purchaser of the Bond, upon payment to you of $38,750, being the first advance of the principal of the Bond.

BRADLEY PUBLIC SERVICE DISTRICT

By: Dayman Sweeney
Chairman

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

SPECIMEN

No. AR-1 $6,192,677

KNOW ALL MEN BY THESE PRESENTS: That BRADLEY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Raleigh 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 SIX MILLION ONE HUNDRED NINETY-TWO THOUSAND SIX HUNDRED SEVENTY-SEVEN DOLLARS ($6,192,677), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated January 5, 2005.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by

SPECIMEN

the Issuer on January 5, 2005, and a Supplemental Resolution duly adopted by the Issuer on January 5, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1978, (2) SEWER REVENUE BONDS, SERIES 1995 A, SERIES 1995 B AND SERIES 1995 C, AND (3) SEWER REVENUE BOND, SERIES 2002A (STATE REVOLVING FUND)(COLLECTIVELY, 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 this Bond (the "Series 2005 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2005 Bond Reserve Account and unexpended proceeds of this Bond. 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 this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2005 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, 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 owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by

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

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

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

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

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

IN WITNESS WHEREOF, BRADLEY 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 January 14, 2005.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 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: January 14, 2005.

THE CITY NATIONAL BANK OF WEST VIRGINIA,
as Registrar

By: _____
Assistant Vice President and Trust Officer

SPECIMEN

EXHIBIT A

SPECIMEN

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $38,750.00	1/14/05	(19) $	
(2) $		(20) $	
(3) $		(21) $	
(4) $		(22) $	
(5) $		(23) $	
(6) $		(24) $	
(7) $		(25) $	
(8) $		(26) $	
(9) $		(27) $	
(10) $		(28) $	
(11) $		(29) $	
(12) $		(30) $	
(13) $		(31) $	
(14) $		(32) $	
(15) $		(33) $	
(16) $		(34) $	
(17) $		(35) $	
(18) $		(36) $	

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

$6,192,677
Bradley Public Service District
30 Years, 0% Interest Rate, 0.5%
Administrative Fee
Closing Date: January 14, 2005

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	51,605.65	-	51,605.65
03/01/2007	51,605.65	-	51,605.65
06/01/2007	51,605.65	-	51,605.65
09/01/2007	51,605.65	-	51,605.65
12/01/2007	51,605.65	-	51,605.65
03/01/2008	51,605.65	-	51,605.65
06/01/2008	51,605.65	-	51,605.65
09/01/2008	51,605.65	-	51,605.65
12/01/2008	51,605.65	-	51,605.65
03/01/2009	51,605.65	-	51,605.65
06/01/2009	51,605.65	-	51,605.65
09/01/2009	51,605.65	-	51,605.65
12/01/2009	51,605.65	-	51,605.65
03/01/2010	51,605.65	-	51,605.65
06/01/2010	51,605.65	-	51,605.65
09/01/2010	51,605.65	-	51,605.65
12/01/2010	51,605.65	-	51,605.65
03/01/2011	51,605.65	-	51,605.65
06/01/2011	51,605.65	-	51,605.65
09/01/2011	51,605.65	-	51,605.65
12/01/2011	51,605.64	-	51,605.64
03/01/2012	51,605.64	-	51,605.64
06/01/2012	51,605.64	-	51,605.64

SPECIMEN

09/01/2012	51,605.64	-	51,605.64
12/01/2012	51,605.64	-	51,605.64
03/01/2013	51,605.64	-	51,605.64
06/01/2013	51,605.64	-	51,605.64
09/01/2013	51,605.64	-	51,605.64
12/01/2013	51,605.64	-	51,605.64
03/01/2014	51,605.64	-	51,605.64
06/01/2014	51,605.64	-	51,605.64
09/01/2014	51,605.64	-	51,605.64
12/01/2014	51,605.64	-	51,605.64
03/01/2015	51,605.64	-	51,605.64
06/01/2015	51,605.64	-	51,605.64
09/01/2015	51,605.64	-	51,605.64
12/01/2015	51,605.64	-	51,605.64
03/01/2016	51,605.64	-	51,605.64
06/01/2016	51,605.64	-	51,605.64
09/01/2016	51,605.64	-	51,605.64
12/01/2016	51,605.64	-	51,605.64
03/01/2017	51,605.64	-	51,605.64
06/01/2017	51,605.64	-	51,605.64
09/01/2017	51,605.64	-	51,605.64
12/01/2017	51,605.64	-	51,605.64
03/01/2018	51,605.64	-	51,605.64
06/01/2018	51,605.64	-	51,605.64
09/01/2018	51,605.64	-	51,605.64
12/01/2018	51,605.64	-	51,605.64
03/01/2019	51,605.64	-	51,605.64
06/01/2019	51,605.64	-	51,605.64
09/01/2019	51,605.64	-	51,605.64
12/01/2019	51,605.64	-	51,605.64
03/01/2020	51,605.64	-	51,605.64
06/01/2020	51,605.64	-	51,605.64
09/01/2020	51,605.64	-	51,605.64
12/01/2020	51,605.64	-	51,605.64
03/01/2021	51,605.64	-	51,605.64
06/01/2021	51,605.64	-	51,605.64
09/01/2021	51,605.64	-	51,605.64
12/01/2021	51,605.64	-	51,605.64
03/01/2022	51,605.64	-	51,605.64
06/01/2022	51,605.64	-	51,605.64
09/01/2022	51,605.64	-	51,605.64
12/01/2022	51,605.64	-	51,605.64
03/01/2023	51,605.64	-	51,605.64
06/01/2023	51,605.64	-	51,605.64
09/01/2023	51,605.64	-	51,605.64
12/01/2023	51,605.64	-	51,605.64
03/01/2024	51,605.64	-	51,605.64
06/01/2024	51,605.64	-	51,605.64
09/01/2024	51,605.64	-	51,605.64

SPECIMEN

12/01/2024	51,605.64	-	51,605.64
03/01/2025	51,605.64	-	51,605.64
06/01/2025	51,605.64	-	51,605.64
09/01/2025	51,605.64	-	51,605.64
12/01/2025	51,605.64	-	51,605.64
03/01/2026	51,605.64	-	51,605.64
06/01/2026	51,605.64	-	51,605.64
09/01/2026	51,605.64	-	51,605.64
12/01/2026	51,605.64	-	51,605.64
03/01/2027	51,605.64	-	51,605.64
06/01/2027	51,605.64	-	51,605.64
09/01/2027	51,605.64	-	51,605.64
12/01/2027	51,605.64	-	51,605.64
03/01/2028	51,605.64	-	51,605.64
06/01/2028	51,605.64	-	51,605.64
09/01/2028	51,605.64	-	51,605.64
12/01/2028	51,605.64	-	51,605.64
03/01/2029	51,605.64	-	51,605.64
06/01/2029	51,605.64	-	51,605.64
09/01/2029	51,605.64	-	51,605.64
12/01/2029	51,605.64	-	51,605.64
03/01/2030	51,605.64	-	51,605.64
06/01/2030	51,605.64	-	51,605.64
09/01/2030	51,605.64	-	51,605.64
12/01/2030	51,605.64	-	51,605.64
03/01/2031	51,605.64	-	51,605.64
06/01/2031	51,605.64	-	51,605.64
09/01/2031	51,605.64	-	51,605.64
12/01/2031	51,605.64	-	51,605.64
03/01/2032	51,605.64	-	51,605.64
06/01/2032	51,605.64	-	51,605.64
09/01/2032	51,605.64	-	51,605.64
12/01/2032	51,605.64	-	51,605.64
03/01/2033	51,605.64	-	51,605.64
06/01/2033	51,605.64	-	51,605.64
09/01/2033	51,605.64	-	51,605.64
12/01/2033	51,605.64	-	51,605.64
03/01/2034	51,605.64	-	51,605.64
06/01/2034	51,605.64	-	51,605.64
09/01/2034	51,605.64	-	51,605.64
12/01/2034	51,605.64	-	51,605.64
03/01/2035	51,605.64	-	51,605.64
06/01/2035	51,605.64	-	51,605.64
09/01/2035	51,605.64	-	51,605.64
12/01/2035	51,605.64	-	51,605.64
03/01/2036	51,605.64	-	51,605.64

SPECIMEN

06/01/2036	51,605.64	-	51,605.64
09/01/2036	51,605.64	-	51,605.64
Total	**$6,192,677.00**	**-**	**$6,192,677.00** *

***Plus $3,902.68 one-half percent administrative fee paid quarterly. Total fee over life of loan is $468,321.60.**

ASSIGNMENT

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

Dated: _____, 20__.

_____ SPECIMEN

In the presence of:

_____ SPECIMEN

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$6,192,677	January 14, 2005

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

The City National Bank of West Virginia

By: _____
Assistant Vice President and Trust Officer

SPECIMEN

LAW OFFICES
GOODWIN & GOODWIN, LLP
300 SUMMERS STREET, SUITE 1500
CHARLESTON, WEST VIRGINIA 25301-1678

P. O. BOX 2107
CHARLESTON, WEST VIRGINIA 25328-2107

TELEPHONE (304) 346-7000
TELECOPIER (304) 344-9692

www.goodwingoodwin.com

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

P.O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

Reply To: Charleston

January 14, 2005

Bradley Public Service District
Bradley, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Bradley Public Service District, Sewer Revenue Bond,
Series 2005 A (State Revolving Fund)

Ladies and Gentlemen:

We have served as bond counsel to the Bradley Public Service District (the "Issuer") in connection with the issuance of its Sewer Revenue Bond, Series 2005 A (State Revolving Fund), dated the date hereof (the "Bond").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bond, dated January 5, 2005, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bond to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bond is issued in the principal amount of $6,192,677, in the form of one bond, registered to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bond. The Bond is subject to the SRF Administrative Fee equal

to 0.5% of the principal amount of the Bond as set forth in the Schedule Y attached to the Loan Agreement.

The Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of constructing certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on January 5, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 5, 2005 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bond is authorized and issued, and the Loan Agreement is entered into. The Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to construction the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bond, all under the Act and other applicable provisions of law.

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

3. The Loan Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority and the DEP or diminish the obligations of the Issuer, without the written consent of the Authority and the DEP.

4. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bond. The

Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bond has been duly authorized, issued, executed and delivered by the Issuer to the Authority and is a valid, legally enforceable and binding special obligation of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bond and the Resolution.

6. Under the Act, the Bond and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

No opinion is given herein as to the effect upon the enforceability of the Bond under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

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

Respectfully submitted,

Goodwin + Goodwin, LLP

GOODWIN & GOODWIN, LLP

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Reply To: Charleston

January 14, 2005

Bradley Public Service District
Bradley, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Bradley Public Service District, Sewer Revenue Bond,
Series 2005 A (State Revolving Fund)

Ladies and Gentlemen:

We have served as bond counsel to the Bradley Public Service District (the "Issuer") in connection with the issuance of its Sewer Revenue Bond, Series 2005 A (State Revolving Fund), dated the date hereof (the "Bond").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bond, dated January 5, 2005, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bond to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bond is issued in the principal amount of $6,192,677, in the form of one bond, registered to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bond. The Bond is subject to the SRF Administrative Fee equal

to 0.5% of the principal amount of the Bond as set forth in the Schedule Y attached to the Loan Agreement.

The Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of constructing certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on January 5, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on January 5, 2005 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bond is authorized and issued, and the Loan Agreement is entered into. The Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing public service district and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to construction the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Bond, all under the Act and other applicable provisions of law.

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

3. The Loan Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority and the DEP or diminish the obligations of the Issuer, without the written consent of the Authority and the DEP.

4. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bond. The

Resolution constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bond has been duly authorized, issued, executed and delivered by the Issuer to the Authority and is a valid, legally enforceable and binding special obligation of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bond and the Resolution.

6. Under the Act, the Bond and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

No opinion is given herein as to the effect upon the enforceability of the Bond under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

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

Respectfully submitted,

Goodwin + Goodwin, LLP

GOODWIN & GOODWIN, LLP

RIST, HIGGINS & ASSOCIATES, P.L.L.C.

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JOHN F. RIST III
JAMES C. HIGGINS

OF COUNSEL
DENNIS V. GARRISON III

January 14, 2005

Bradley Public Service District
Bradley, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Goodwin & Goodwin, LLP
Charleston, West Virginia

RE: *Bradley Public Service District, Sewer Revenue Bond, Series 2005 A (State Revolving Fund)*

Ladies and Gentlemen:

We are counsel to Bradley Public Service District (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Goodwin & Goodwin, LLP, as bond counsel, relating to the above-captioned bond of the Issuer (the "Bond"), a bond purchase agreement for the Bond, dated January 5, 2005, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), a Bond Resolution duly adopted by the Public Service Board of the Issuer (the "Board") on January 5, 2005, as supplemented by a Supplemental Resolution duly adopted on January 5, 2005 (collectively, the "Resolution"), orders of The County Commission of Raleigh County relating to the Issuer and the appointment of members of the Board, and other documents relating to the Bond and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Purchase Agreement and the Resolution when used herein.

We are of the opinion that:

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

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

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

4. The Resolution has been duly adopted by the Board and is in full force and effect.

5. The execution and delivery of the Bond and the Bond Purchase Agreement and the consummation of the transactions contemplated by the Bond, the Bond Purchase Agreement and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject and of which we are aware.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, registrations and authorizations necessary for the creation and existence of the Issuer and the issuance of the Bonds.

7. To the best of our knowledge, there is no litigation, 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 Bond Purchase Agreement, the Bond and the Resolution, the acquisition and construction of the Project, the operation of the System, the validity of the Bond, the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bond.

8. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) have been executed by duly authorized representatives of the proper parties; (3) meet the requirements of the Act, the Resolution and the Bond Purchase Agreement; and (4) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

No opinion is given herein as to the effect upon the enforceability of the Bond under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

Our opinion specifically excludes any matters involving the regulatory, tax, securities or public finance activities of the Issuer. This opinion is given for the benefit of those addressed on page 1 hereof, in connection with the Bond, and may not be relied on by them for any other purpose or relied on by any other person, firm or corporation for any purpose whatsoever.

Very truly yours,

RIST, HIGGINS & ASSOCIATES, P.L.L.C.

John F. Rist III

RIST, HIGGINS & ASSOCIATES, P.L.L.C.

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JOHN F. RIST III
JAMES C. HIGGINS

OF COUNSEL
DENNIS V. GARRISON III

January 14, 2005

Bradley Public Service District
P. O. Box 290
Bradley, WV 25818-0290

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

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

Goodwin & Goodwin, LLP
P. O. Box 2107
Charleston, WV 25328-2107

RE: *Final Title Opinion for Bradley Public Service District*

Ladies and Gentlemen:

We are counsel to Bradley Public Service District (the "Issuer") in connection with a proposed project to construct a new wastewater treatment plant (the "Project"). We provide this final title opinion on behalf of the Issuer as an update of our previous report to the West Virginia Department of Environmental Protection dated March 22, 2004 and to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") and the West Virginia Infrastructure and Jobs Development Council for the Project. Please be advised of the following:

1. The Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. The issuer has obtained all necessary permits and approvals for the construction of the Project. With respect to permits for the Project, we have relied upon the Engineer's Certificate of Ghosh Engineers, Inc.

3. We are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Ghosh Engineers, the consulting engineers for the Project.

4. No new property, easements or rights of way have to be acquired by the Issuer for the Project. The Issuer has heretofore acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way that have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Raleigh County to protect the legal title to and interest of the Issuer.

6. This report is subject to (a) reservations, exceptions, easements, covenants and restrictions contained in prior deeds to the subject tracts; (b) an accurate engineering survey of said tracts; (c) the plotting of off-conveyances to determine overlaps, if any; (d) any reservations or exceptions which a visual inspection of the premises or a review of the zoning ordinance would disclose; (e) any unripened mechanic's lien rights; (f) any claim by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws; and (g) the accuracy of the indices and the records in the County Clerk's, the Sheriff's and Assessor's Offices of Raleigh County, West Virginia, as the same appeared on January 13, 2005, at 8:15 a.m.

Very truly yours,

RIST, HIGGINS & ASSOCIATES, P.L.L.C.

John F. Rist III

JFR:gt

STEPTOE & JOHNSON PLLC
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January 14, 2005

Bradley Public Service District
Sewer Revenue Bonds, Series 2005 A
(State Revolving Fund)

Bradley Public Service District
Bradley, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Goodwin & Goodwin, LLP
Charleston, West Virginia

Ladies and Gentlemen:

We are special counsel to Bradley Public Service District in Raleigh County, West Virginia (the "Issuer"), in connection with certain matters before the Public Service Commission of West Virginia (the "PSC"). As such counsel, we are of the opinion that:

The Issuer has received the Recommended Decision of the PSC dated June 17, 2004, the Commission Final Order dated August 20, 2004 and the Commission Order dated January 11, 2005, in Case No. 03-2063-PSD-CN, granting the Issuer a certificate of public convenience and necessity for the Project, approving rates for the Issuer and approving the financing for the Project. The time for appeal of such Recommended Decision and Commission Final Order have expired prior to the date hereof without any appeal having been filed. The time for appeal of the Commission Order has not expired prior to the date hereof. However, the Issuer has certified that it does not intend to appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. All three (3) Orders remain in full force and effect.

Additionally, the Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, registrations and authorizations necessary for the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for the use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from the DEP and the

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Public Service Commission of West Virginia (the "PSC"), 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. With respect to the permits for the acquisition and construction of the Project and the operation of the System, we have relied upon the Engineer's Certificate of Ghosh Engineers, Inc., the consulting engineers for the Project, dated of even date herewith.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

01/10/05
099230.00003

CH726272.1

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. LOAN AGREEMENT
13. SPECIMEN BOND
14. PROCEEDS
15. CONFLICTS OF INTEREST
16. VERIFICATION OF SCHEDULE
17. PROCUREMENT OF ENGINEERING SERVICES
18. CLEAN WATER ACT
19. GRANT
20. COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Bradley Public Service District (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Bradley Public Service District, Sewer Revenue Bond, Series 2005 A (State Revolving Fund), dated the date hereof (the "Bond" or the "Series 2005 Bond"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution duly adopted by the Issuer on January 5, 2005, and the Supplemental Resolution duly adopted by the Issuer on January 5, 2005 (collectively, the "Resolution"), and the loan agreement for the Series 2005 Bond by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated January 5, 2005 (the "Loan Agreement").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or

affecting in any manner the authorization, issuance, sale and delivery of the Bond, the acquisition, construction and equipping of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bond; nor affecting the validity of the Bond or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bond, the acquisition, construction and equipping of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bond.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the creation and existence of the Issuer, the acquisition, construction and equipping of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Bond 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 by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 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, execution and delivery of the Loan Agreement. The Issuer has met all conditions set forth in the Loan Agreement and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Series 2005 Bond shall be issued on parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2005 Bond on parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System after the payment of the Note.

5. SIGNATURES AND DELIVERY: The undersigned Chairman and Secretary are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bond for the Issuer. The seal impressed upon the Bond and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Chairman did officially sign the Bond, consisting upon original issuance of a single Bond, dated the date hereof, by his manual signature; the undersigned Secretary did officially cause the seal of the Issuer to be affixed upon the Bond and to be attested by her manual signature; the

Registrar did officially register, authenticate and deliver the Bond to a representative of the Authority as the original purchaser of the Bond under the Loan Agreement.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the order of the Public Service Commission of West Virginia (the "PSC") entered on October 18, 2000, in Case No. 00-1257-PSD-PC, approving the engineering agreement between the Issuer and the Consulting Engineer, and the orders of the PSC entered on June 17, 2004, and January 11, 2005, in Case No. 03-2063-PSD-CN, granting the Issuer a certificate of public convenience and necessity for the Project and approving financing for the acquisition, construction and equipping of the Project and the rates for the System. The time for appeal of the PSC orders entered on October 18, 2000 and June 17, 2004, has expired prior to the date hereof without any appeal having been filed. The time for appeal of the PSC order entered on January 11, 2005, has not expired. However, the parties to such order have stated that they do not intend to appeal such order. The Issuer hereby certifies that it will not appeal such order. Such orders remain in full force and effect.

The Issuer has duly published the required notice with respect to, among other things, the amount of the Bond to be issued, the interest rate and terms of the Bond, the Project to be acquired and constructed, the cost of the Project, the anticipated user rates and charges and the date that a formal application for a certificate of public convenience and necessity is to be filed with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended.

7. RATES: The rates for the System, as approved by the PSC Order, entered January 11, 2005, in Case No. 03-2063-PSD-CN, will become effective at the completion of the Project.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Bradley Public Service District", and it is a public service district organized and existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia in Raleigh County of said State. The governing body of the Issuer is its Board, consisting of three members, whose names and dates of commencement and termination of their current terms are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Dorothy J. Redden	January 1, 2005	December 31, 2010
Daymon Sweeney	March 20, 2001	December 31, 2006
G. Stephen Wallen	March 2, 2004	December 31, 2008

The duly elected or appointed officers of the Board for 2005 are as follows:

Daymon Sweeney	-	Chairman
Dorothy J. Redden	-	Secretary
G. Stephen Wallen	-	Treasurer

The duly appointed and acting attorney for the Issuer is Rist Higgins & Associates of Beckley, West Virginia. The duly appointed and acting PSC counsel is Steptoe & Johnson, PLLC of Charleston, West Virginia.

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

10. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bond and the acquisition, construction, equipping, operation and financing of the Project or the System were authorized or adopted at meetings of the Board duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Board 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.

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain Workers' Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution and the Loan Agreement. All insurance for the System required by the Resolution and the Loan Agreement are in full force and effect.

12. 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 statements of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement, which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

13. SPECIMEN BOND: Attached hereto as Exhibit A is a specimen of the Bond which, except as to execution and authentication, is identical in all respects with the Bond this day delivered to the Authority and being substantially in the form prescribed in the Resolution.

14. PROCEEDS: On the date hereof, the Issuer received $38,750.00 from the Authority and the DEP, being a portion of the principal amount of the Series 2005 Bond. The balance of the principal amount of the Series 2005 Bond will be advanced to the Issuer from time to time as acquisition, construction and equipping of the Project progresses.

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

16. VERIFICATION OF SCHEDULE: The final amended Schedule A attached to the Certificate of Consulting Engineer, with the signature of the Chairman and the Consulting Engineer, accurately represents the estimated costs of the acquisition, construction and equipping of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bond.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

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

19. GRANT: As of the date hereof, the grant from the Council in the amount of $2,000,000 is committed for the Project and is in full force and effect.

20. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of Bradley Public Service District on this 14th day of January, 2005.

[SEAL]

Signature	Official Title
	Chairman
	Secretary
	Attorney

EXHIBIT A

See Specimen Bond (Tab No. 8)

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 2005 A (STATE REVOLVING FUND)

ENGINEER'S CERTIFICATE

I, Pulak Ghosh, Registered Professional Engineer, West Virginia License No. 7806, of Ghosh Engineers, Inc., Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public sewerage facilities (the "System") of Bradley Public Service District (the "District"), to be constructed in Raleigh County, West Virginia, which project is being financed in part by the above-captioned revenue bond (the "Bond") of the District. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Resolution adopted by the Public Service Board of the District on January 5, 2005 (the "Resolution"), and the Loan Agreement by and among the District, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection ("DEP") dated January 5, 2005 (the "Loan Agreement").

2. The Bond is being issued for the purposes of (i) paying a portion of the costs of acquiring and constructing the Project and (ii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP, and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and will have a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A, and all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, the surety bonds and policies are adequate in form, substance and amount to protect the various interests of the District; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West

12TH FLOOR, UNION BUILDING
723 KANAWHA BOULEVARD, EAST • CHARLESTON, WV 25301
(304)-343-5300 • FAX 343-5912

Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (x) in reliance upon the certificate of Michael R. Akers, CPA of even date herewith, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (xi) the net proceeds of the Bond, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefore, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xii) attached hereto as Exhibit A is the final amended "Schedule A-Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 14th day of January, 2005.

[SEAL]



GHOSH ENGINEERS, INC.

By: _____
Pulak Ghosh, P.E.
West Virginia License No. 7806

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: **Bradley Public Service District - Raleigh County**

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

	A. Cost of Project		
1	Construction	7,294,000	
2	Technical Services	283,910	
3	Legal and Fiscal	50,400	
4	Administrative	-	
5	Site and Other Lands	-	
6	Fac. Plan/Design or other Loan		
	Repayment (Specify Type: Facilites Plan Loan	13,000	
	IJDC Design Loan	206,515	
7	Interim Financing Costs	-	
8	Contingency	319,102	
9	Miscellaneous	-	
10	Total of Lines 1 Through 9		8,166,927
	B. Source of Funds		
11	Federal Grants [1]	-	
	(Specify Sources)	-	
12	State Grants [1]— IJDC	2,000,000	
	~~(Specify Sources)~~	-	
13	Other Grants:[1]	-	
	(Specify Sources)	-	
14	Any Other Source [2]	-	
	(Specify)	-	
15	Total of Lines 10 Through 14		2,000,000
16	Net Proceeds Required from Bond Issue (Line 10 less Line 15)		6,166,927
	C. Cost of Financing		
17	Bond Counsel	25,750	
18	Funded Reserve Account[3]	-	
19	Net costs of financing (Line 17 + Line 18)		25,750
20	Size of Bond Issue (Line16 plus Line 19)		6,192,677

* not allowable for State Revolving Fund Assistance

** WDA loans are not allowable

Daymon Sweeney

Signature of Applicant

Daymon Sweeney

Date January 5, 2005

Signature of Consulting Engineer

Paul Ghosh, P. E.

Date January 5, 2005

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

I, Michael R. Akers, a Certified Public Accountant, License No. 3016, Beckley, West Virginia, have reviewed the sewer service rates adopted by the Bradley Public Service District (the "District"), pursuant to a Rate Resolution, and approved by the Public Service Commission of West Virginia in an order entered January 11, 2005, in Case No. 03-2063-PSD-CN. Based upon such rates and on the projected operating expenses and anticipated customer usage as provided to me by the District, it is my opinion that such rates are adequate (i) to pay all operating expenses of the System, and (ii) to leave a balance each fiscal year equal to at least 115% of the maximum amount required in any succeeding fiscal year for payment of principal of and interest, if any, on the above-captioned Series 2005 Bond and the Prior Bonds, as defined in the resolution authorizing the Series 2005 Bond.

It is my further opinion that the Net Revenues for the fiscal year following the year in which the Series 2005 Bond is issued will be at least 120% of the average annual debt service requirements on the Prior Bonds and the Series 2005 Bond.

WITNESS my signature as of this 14th day of January, 2005.

Michael R. Akers
Certified Public Accountant

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

CERTIFICATE OF SECRETARY AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, Dorothy J. Redden, the duly elected Secretary of the Bradley Public Service District (the "District"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the $6,192,677 Bradley Public Service District Sewer Revenue Bond, Series 2005 A (State Revolving Fund) is, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the District and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Bond Resolution adopted on January 5, 2005.

2. Supplemental Resolution adopted on January 5, 2005.

3. Loan Agreement dated January 5, 2005.

4. Infrastructure Council Grant Agreement.

5. Public Service Commission Orders entered on June 17, 2004 and January 11, 2005.

6. Infrastructure and Jobs Development Council Approval.

7. County Commission Order Creating Bradley Public Service District.

8. County Commission Orders Appointing Board Members.

9. Oaths of Office of Board Members.

10. Rules of Procedure.

11. Minutes of Current Year Organizational Meeting.

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

13. Affidavits of Publication and Abstract of Bond Resolution and Notice of PSC Filing.

14. 1979 Bond Resolution.

15. 1995 Bond Resolution.

16. 2002 A Bond Resolution.

17. Rural Utilities Service Consent to Issuance of Parity Bond.

18. Water Development Authority Consent to Issuance of Parity Bond.

19. Evidence of Insurance.

20. NPDES Permit.

21. Receipt of Payment of Note.

WITNESS my signature and the official seal of the Bradley Public Service District as of the 14th day of January, 2005.

(SEAL)

Dorothy J. Redden
Secretary

WV MUNICIPAL BOND COMMISSION
8 Capitol Street, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: January 14, 2005

ISSUE: Bradley Public Service District, Sewer Revenue Bond, Series 2005 A (State Revolving Fund)
ADDRESS: P.O. Box 290
Bradley, WV 25818-0290 COUNTY: Raleigh
PURPOSE: New Money X
OF ISSUE: Refunding X Refunds issue dated: 6/25/02
ISSUE DATE: January 14, 2005 CLOSING DATE: January 14, 2005
ISSUE AMOUNT: $6,192,677 RATE: 0%; ADMINISTRATIVE FEE: 0.5%
1ST DEBT SERVICE DUE: December 1, 2006 1ST PRINCIPAL DUE: December 1, 2006
1ST DEBT SERVICE AMT.:$51,605.65 PAYING AGENT: Municipal Bond Comm.

BOND COUNSEL: Goodwin & Goodwin, LLP
Contact Person: W.K. Bragg, Jr.
Phone 346-7000

LENDER: West Virginia Department of Environmental Protection
Contact Person: Rosalie Brodersen
Phone: (304) 926-0496 Ext. 1608

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Dwight Reggi
Position: General Manager
Phone: (304) 877-5202

----------DEPOSITS TO MBC AT CLOSE----------

___ Accrued Interest: $ 0
___ Capitalized Interest: $ 0
By X Wire ___ Reserve Account: $ 0
___ Check X Other: Design loan $206,000 plus $515 for MBC administrative fee

----------REFUNDS & TRANSFERS BY MBC AT CLOSE----------

___ To Escrow Trustee: $ N/A
By ___ Wire ___ To Issuer: $ N/A
___ Check ___ To Cons. Invest. Fund: $ N/A
___ IGT ___ Other: _____ $_____

Notes: _____

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

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

ACCEPTANCE OF APPOINTMENT OF DEPOSITORY BANK

The City National Bank of West Virginia, at its office located in Bradley, Raleigh County, West Virginia, hereby accepts appointment as Depository Bank in connection with a Resolution of Bradley Public Service District (the "District") duly adopted by the Public Service Board of the District (the "Board") on January 5, 2005, and supplemented by a Supplemental Resolution adopted by the Issuer on January 5, 2005 (collectively, the "Resolution"), authorizing issuance of Bradley Public Service District, Sewer Revenue Bond, Series 2005 A (State Revolving Fund), dated January 14, 2005, in the aggregate principal amount of $6,192,677, and agrees to perform all duties of Depository Bank as set forth in the Resolution.

Witness my signature as of the 14th day of January, 2005.

THE CITY NATIONAL BANK OF WEST VIRGINIA

By: Mary Frances Smith
Branch Manager

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

ACCEPTANCE OF APPOINTMENT OF REGISTRAR

The City National Bank of West Virginia, at its office located in Charleston, Kanawha County, West Virginia, hereby accepts appointment as Registrar in connection with a Resolution of Bradley Public Service District (the "District") duly adopted by the Public Service Board of the District (the "Board") on January 5, 2005, and supplemented by a Supplemental Resolution adopted by the Issuer on January 5, 2005 (collectively, the "Resolution"), authorizing the issuance of Bradley Public Service District, Sewer Revenue Bond, Series 2005 A (State Revolving Fund), dated January 14, 2005, in the aggregate principal amount of $6,192,677, and agrees to perform all duties of Registrar as set forth in the Resolution.

Witness my signature as of the 14th day of January, 2005.

THE CITY NATIONAL BANK OF WEST VIRGINIA

By: _____
Assistant Vice President and Trust Officer

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 14th day of January, 2005, by and between BRADLEY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia (the "Issuer"), and THE CITY NATIONAL BANK OF WEST VIRGINIA, at its office located in Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $6,192,677 aggregate principal amount of Sewer Revenue Bond, Series 2005 A (State Revolving Fund) in fully registered form (the "Bond") pursuant to a Bond Resolution adopted by the Issuer on January 5, 2005, as amended by a Supplemental Resolution adopted by the District on January 5, 2005 (collectively, the "Resolution");

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 Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for the appointment by the Issuer of a Registrar for the Bond; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution 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 the Registrar, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver the Bond upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bond from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation heretofore agreed by the parties and set forth in the attached invoice.

5. It is intended that this Registrar's Agreement shall carry out and implement the provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution 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 Resolution 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 sixty (60) days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Bradley Public Service District
Attention: Chairman
P. O. Box 290
Bradley, WV 25818-0290

REGISTRAR: The City National Bank of West Virginia
Attention: Jody M. DeWees
3601 MacCorkle Ave., SE
Charleston, WV 25304

8. The Registrar is hereby requested and authorized to register, authenticate and deliver the Bond in accordance with the Resolution and instructions provided by the Issuer.

IN WITNESS WHEREOF, BRADLEY PUBLIC SERVICE DISTRICT and THE CITY NATIONAL BANK OF WEST VIRGINIA have caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

BRADLEY PUBLIC SERVICE DISTRICT

By: _____
Chairman

THE CITY NATIONAL BANK OF WEST VIRGINIA

By: _____
Assistant Vice President and Trust Officer

Exhibit A

(Bond Resolution)

$6,192,677
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 A
(STATE REVOLVING FUND)

CERTIFICATE OF REGISTRATION

I, Jody M. DeWees, as Assistant Vice President and Trust Officer, of The City National Bank of West Virginia, as Registrar (the "Registrar"), under a Registrar's Agreement between the Registrar and the Bradley Public Service District (the "District") dated as of the date hereof, hereby certify that on the 14th day of January, 2005, the Bonds of the District in the principal amount of $6,192,677 designated "Bradley Public Service District, Sewer Revenue Bond, Series 2005 A (State Revolving Fund)", and numbered AR-1, dated as of the date hereof, was registered as to principal only in the name of "The West Virginia Water Development Authority", on the books of the Registrar kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the 14th day of January, 2005.

THE CITY NATIONAL BANK OF WEST VIRGINIA,
as Registrar

By: Jody M. DeWees
Assistant Vice President and Trust Officer

BRADLEY PUBLIC SERVICE DISTRICT

Sewer Revenue Bond, Series 1978
Bond Anticipation Notes, Series A
Grant Anticipation Notes, Series 1978

BOND AND NOTES RESOLUTION

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BRADLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $1,522,000 SEWER REVENUE BOND, SERIES 1978, BOND ANTICIPATION NOTES, SERIES A, AND GRANT ANTICIPATION NOTES, SERIES 1978, OF BRADLEY PUBLIC SERVICE DISTRICT TO FINANCE ACQUISITION AND CONSTRUCTION OF A SEWERAGE SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND AND SUCH NOTES; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE BOND AND THE NOTES AND FOR A STATUTORY MORTGAGE LIEN UPON THE SYSTEM IN FAVOR OF THE HOLDERS OF THE BOND AND THE BOND ANTICIPATION NOTES; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF BRADLEY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Bradley Public Service District (the "District") is a public service district created pursuant to said Article 13A by The County Commission of Raleigh County.

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

(A) The District does not now have a public sewerage system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that there be acquired and constructed a new sewerage system of the District consisting of sewage collection and transmission lines and a sewage treatment plant, with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board of the District (herein called the "Board").

(C) It is necessary for the District to issue its revenue bond in the principal amount of $1,522,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is $4,604,397, of which $1,522,000 will be obtained from the proceeds of sale of the Bond herein authorized, $95,157 from a Step II grant already received and $2,806,500 from a Step III grant all by the United States Environmental Protection Agency, and $120,740 from West Virginia Water Development Authority, and $60,000 from The County Commission of Raleigh County.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond and the Notes prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized by this resolution.

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

(G) There are not outstanding any obligations of the District which will rank prior to or on a parity with the Bond or the Notes as to lien and source of and security for payment.

(H) The Government is expected by the Board to purchase the entire principal amount of the Bond.

(I) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond and the Notes, or will have so complied prior to issuance of the Notes, including, among other things, the consent and

approval, pursuant to the Act, of the issuance of the Bond and the Notes by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have been expired.

Section 1.03. Use of Sewer Facilities Mandatory. The mandatory use of the sewer facilities is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare and the economy of the inhabitants of the District and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the sewer facilities. Accordingly, every owner, tenant and occupant of every lot, parcel and tract of land in the District which abuts on a street, alley, road or other public way in which any sewer line, main or facility is located, or which is located within a reasonable distance thereof, not exceeding 300 feet, and reasonably accessible thereto, and upon which lot, parcel or tract a building or other habitable structure has been or shall be erected, from which emanates sewage or water-borne waste matter, shall connect the waste or sewage lines of such building or structure with the sewer facilities of the System immediately upon completion of the Project if sewage will flow by gravity from such building or structure into such sewer facilities, or if sewage may be pumped into such sewer facilities under economical and reasonable conditions, and shall thereupon and thereafter refrain from using and shall cease to use any other method for the disposal of sewage or water-borne waste matter and shall pay all charges, fees and rates provided herein.

Any such building or structure from which emanates sewage or water-borne waste matter and not so connected with the System is hereby declared and found to be a hazard to the heath, safety, comfort and welfare of the inhabitants of the District and a public nuisance which shall

be abated to the extent permitted by law and as promptly as possible by proceedings in the Circuit Court of said County or other court of competent jurisdiction.

Section 1.04. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Government and the Notes by the purchasers thereof, this Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholder and the holders of the Notes, and the covenants and agreements set forth in this Resolution to be performed by the District shall be for the benefit, protection and security of the Government as holder of the Bond and of the holders of the Bond Anticipation Notes and, to the extent herein provided, of the holders of the Grant Anticipation Notes.

Section 1.05. Definitions. The following terms shall have the following meanings in this resolution unless the text otherwise expressly requires:

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

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bond" means the $1,522,000 Sewer Revenue Bond, Series 1978, originally authorized to be issued pursuant to this Resolution, and also means and includes the Bond Anticipation Notes, Series A, unless the context clearly would exclude the same.

"Bond Anticipation Notes" means the $1,522,000 Bond Anticipation Notes, Series A, of the District hereby authorized and any Bond Anticipation Refunding Notes which may be issued hereunder.

"Chairman" means the Chairman of the Board.

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

"District" means Bradley Public Service District, of Raleigh County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"EPA Grant" means the Step III grant in the sum of $2,806,000 committed to the District by the United States Environmental Protection Age

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

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Government" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Grant Anticipation Notes" means the $1,100,000 Sewerage System Grar Anticipation Notes, Series 1978, of the District hereby authorized and any Grant Anticipation Refunding Notes which may be issued hereunder.

"Herein" means in this Resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to the bearer.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Notes" means the Bond Anticipation Notes and the Grant Anticipation Notes, and refunding notes of both series.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to b incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment

of operating expenses means also retention of not to exceed such sum as working capital.

"Original Purchaser" means the purchaser, directly from the District, of the Bond or of any of the Notes, as the text indicates.

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

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

"Secretary" means the Secretary of the Board.

"System" means the complete sewerage system of the District, including all sewerage facilities owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Section 1.06. Separate Treatment of Bond and Grant Anticipation Notes. The Bond Anticipation Notes provided for in detail in Article I A and the Grant Anticipation Notes, provided for in detail in Article I B are payable from different sources and are not on a parity in any respect. Article I A refers only to the Bond Anticipation Notes and Article I B refers only to the Grant Anticipation Notes.

In no event are the Bond or Bond Anticipation Note proceeds or any revenues from the operation of the System pledged to payment of the Grant Anticipation Notes, and in no event are any grant proceeds pledged to payment of the Bond or the Bond Anticipation Notes.

ARTICLE I A

BOND ANTICIPATION NOTES AND BOND PROCEEDS

Section 1.01A. Authorization and General. In order to pay certain costs of the construction of the Project pending the purchase by the Government of the Bond, negotiable Notes of the District shall be issued and sold in the amount of $1,522,000. The Bond Anticipation Notes alone are referred to in this Article I A as "Notes" or "Series A Notes."

Each note shall be designated Sewerage System Bond Anticipation Note, Series A," shall be dated on the date of delivery thereof, shall be in denominations which are integral multiples of $1,000, shall be in bearer form, shall bear interest from the date of delivery at the rate provided in the Supplemental Resolution hereinafter described, which rate shall not exceed the rate of 5.25 % per annum, payable at maturity, or at periodic intervals to be provided in the Supplemental Resolution, which maturity shall be not more than three years from such date of delivery, shall be numbered from one upward, may be payable at a New York City Bank if named in the Supplemental Resolution and at the principal office of the Trustee named below, as Paying Agents, at the option of the holder, and shall contain the provisions shown in the form of Series A Notes set forth in Section 1.12 A below substantially as therein set forth.

The Notes shall be executed for the District by the Chairman, and the seal of the District shall be affixed or imprinted thereon and attested by the signature of the Secretary.

The Series A Notes shall be sold to Lehman Special Securities Incorporated and Horner Barksdale & Co. (the "Underwriters"), pursuant to a Purchase Agreement to be entered into between the District and the Underwriters (the "Purchase Agreement") and shall be sold at the price to be provided in the Supplemental Resolution described in Section 1.11A.

Section 1.02A. Deposit of Series A Note Proceeds. A portion of the proceeds received from the sale of the Series A Notes to be specified in the Purchase Agreement shall be deposited on receipt by the District in The

Raleigh County National Bank of Beckley, West Virginia, a member of the Federal Deposit Insurance Corporation ("FDIC"), as Trustee, in the Project Construction Account established by Sectin 3.01 of this Resolution; provided, that the District may designate any other bank in West Virginia as Trustee if the above-named Trustee should refuse or be unable to serve.

The balance of the proceeds from the sale of the Series A Notes remaining after the deposit in the Project Construction Account provided above shall be directly deposited on receipt by the District with the Trustee in a special segregated account designated as "Bradley Public Service District Note Repayment Account," as more particularly described in and upon the further terms and conditions of Section 1.06 A below.

Section 1.03A. Security for the Notes. The Notes shall be secured by the pledge by the District of and by a first lien on (i) the obligation of the Government to make the loan to the District in the amount of $1,522,000 (the "Loan") by purchasing the Bond, (ii) the proceeds of the sale of the Notes until expended as herein authorized, (iii) all moneys and securities in the Note Repayment Account and (iv) the proceeds of sale of the Refunding Notes, if any, and the Bond, and said pledge by the District for the benefit of the holders of the Notes to the extent of the aggregate principal amount of the Notes and the interest thereon, is hereby made and granted. The District will execute such financing statements, security agreements and other documents that may be required to perfect such pledge and lien. The Trustee shall act as agent for the holders of the Notes in connection with the execution of all Financing Statements and other instruments necessary under applicable laws in order to fully perfect the interests of the holders of the Notes in the assets pledged hereby, and to receive all notices and respond to all inquiries in connection therewith. The Notes shall also be secured by a statutory mortgage lien on the System as provided in the Act, which statutory mortgage lien on the System as provided in the Act, which statutory mortgage lien shall be released and terminated without additional action by anyone upon payment of the Notes.

Section 1.04A. Payment of Notes; Bond Proceeds. The District will immediately, upon receipt, deposit with the Trustee all proceeds

from the sale of the Bond to the Government and the net proceeds of any Refunding Notes to be applied to the payment of the Notes pursuant to Section 1.08 B hereof, to be placed by the Trustee directly into the Note Repayment Account held by the Trustee. Upon maturity of the Notes, the Trustee will pay to the Paying Agents all principal and interest owing on the Notes, with the balance of moneys in the Note Repayment Account remaining after payment of all such principal and interest on the Notes and the charges of the Trustee to be refunded to the District.

Section 1.05A. Notes Are Limited Obligations. The Notes shall be limited obligations of the District, the interest of which is payable solely from certain of the proceeds from the sale of the Notes, the principal of which is payable from the sources described in Section 1.03 A above, or, the principal of and interest on which are payable from the net revenues of the District arising from ownership and operation of System in the event that the Government shall not purchase the Bond in accordance with its agreement to do so, all pursuant to the Act.

Section 1.06A. Trustee; Note Repayment Account. The Trustee shall segregate all funds and securities in the Note Repayment Account separate and apart from other deposits and funds of the Trustee and other deposits and funds of the District, including the Project Construction Account. All moneys in the Note Repayment Account, until payment in full of all principal and interest owing on the Notes at their maturity, shall be held by the Trustee for the holders of the Notes and the District shall have no rights with respect thereto except to receive the balance therein after payment of the Notes and the interest thereon and the charges of the Trustee. All moneys in the Note Repayment Account in excess of the amount insured by FDIC shall be continuously secured by, or invested by the Trustee in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Federal Obligations") which Federal Obligations shall mature at least 1 day prior to the maturity of the Notes. At or prior to the maturity of the Notes, the Trustee shall transfer to the Paying

Agents in immediately available funds the total principal of and interest owing on the Notes to their maturity. Upon such transfer the Trustee may refund to the District any excess amounts remaining in the Note Repayment Account. The Trustee is hereby authorized, upon such payment of all principal and interest owing on the Notes, to execute UCC termination statements indicating the termination of the security interest of the holders of the Notes in the assets referred to in Section 1.03A above.

The District shall pay to the Trustee from time to time reasonable compensation for all services rendered by the Trustee under this Resolution and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Trustee in connection with its performance of its functions hereunder. The District shall from time to time have the right to appoint a successor Trustee provided that such successor Trustee be a bank or trust company or national banking association having corporate trust powers and insured by the FDIC. The Trustee shall signify its acceptance of the duties and obligations imposed by this Resolution by executing and delivering to the District a written acceptance thereof.

Section 1.07A. Paying Agents. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant to this Resolution by executing and delivering to the District a written acceptance thereof. The District may appoint as successor Paying Agent any bank, trust company or national banking association. The Underwriters shall pay to any Paying Agent in New York City from time to time reasonable compensation for all services rendered under this Resolution and all reasonable expenses, charges, counsel fees, and other disbursements incurred in connection with the performance of its obligation hereunder.

Section 1.08A. Covenants. The District agrees that until payment in full of the principal and interest owing on the Notes at maturity, all

the covenants contained in Article IV for the benefit of the Bondholder shall also inure to the benefit of the holders of the Notes. Upon the occurrence of an event of default, the holders of the Notes shall be entitled to the benefit of all covenants contained in Article IV as if the holders of the Notes were the Bondholder.

In addition, the District covenants to issue and sell the Bond to the Government not later than one day prior to the due date of the Notes, and to take all actions necessary to cause the Government to purchase the Bond not later than such day unless the District shall have issued Refunding Notes pursuant to Section 1.08 B.

The District covenants that upon receipt of the proceeds of the Bond prior to one day before the maturity of the Notes it will disburse such proceeds by providing for the defeasance of the Notes in accordance with the terms of Section 1.10 A hereof.

Section 1.08B. Refunding Notes. The District covenants that in the event the Bond is not issued and sold to the Government not later than or day prior to the due date of the Notes, it will use its best efforts to sell one or more series of its Refunding Notes hereunder in such aggregate amount as shall be necessary to pay the principal of the Series A Notes, accrued interest thereon to maturity and the expense of issuing such Refunding Notes. The proceeds of the Refunding Notes, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the Note Repayment Account and used solely for the payment of the principal of and accrued interest on the Series A Notes.

All Refunding Notes shall be in substantially the same form as the Series A Notes, but shall be of such denominations, bear such dates, bear interest at such rates, have such maturity dates and contain an appropriate series designation, all as shall be provided in the supplemental resolution authorizing such Refunding Notes.

Section 1.09A. Events of Default and Enforcement. Each of the following events is hereby declared an "Event of Default": (a) failure to make timely payment of all principal and interest owing on the Notes at maturity; and (b) failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District for the benefit of the holders of the Notes as hereinabove provided.

On the happening of any Event of Default, then, and in each such case, each Noteholder shall be entitled to proceed against all assets pledged and shall have and is hereby given all further rights and remedies as are granted by this Resolution to the Bondholder and each holder of the Notes shall be deemed to be a Bondholder upon such default.

In the event that any Note is not paid when due, the interest rate on such Note from such non-payment until payment thereof in full shall be 6% per annum and the District will pay the holder of every Note not paid when due the principal amount of such Note, together with interest at the rate specified in such Note from the date of such Note until the due date thereof and at the rate of 6% per annum from the due date of such Note until payment thereof in full.

Section 1.10A. Defeasance of Notes. Upon deposit by the District with the Trustee of moneys sufficient to pay the Notes at maturity or Federal Obligations, the principal of and interest on which will be sufficient to pay the Notes at maturity, the Notes shall be considered to have been paid in full insofar as this Resolution is concerned except as provided below, and the lien and pledge of this Resolution shall be deemed to be and shall be cancelled and discharged; and the holders of the Notes shall, upon such deposit, be entitled to payment of the Notes and the interest thereon at maturity solely from the moneys then on deposit with the Trustee. All moneys and all securities deposited in accordance with the provisions of this Section shall at all times be under the exclusive control of the Trustee, shall be held by it for the sole benefit of the holders

of the Notes, and shall be applied solely to the payment of Notes except as expressly provided in this Section; and the District shall have no rights or powers with respect to nor any interest in such moneys or securities or any part thereof. All moneys remaining on deposit with the Trustee at the close of business on the earlier of (A) the expiration of six months after the latest maturity date of the Notes issued hereunder or (B) the date on which all Notes have been paid in full, shall be released to the District upon its written request and the Trustee shall have no further obligation in respect of the payment of such Notes and thereafter the holder of any Note shall look to the District for payment.

Section 1.11A. Supplemental Resolution. Following adoption of this Resolution, and upon receipt of the Purchase Agreement referred to in Section 1.01A, the District, if it be so advised, will adopt a Supplemental Resolution approving the Purchase Agreement and ordering the issuance of the Series A Notes pursuant hereto and to the Supplemental Resolution, which Supplemental Resolution will provide, among other things, the interest rate or rates on the Series A Notes, the Interest payment dates, the maturity date of the Series A Notes, the sale price of the Series A Notes, and such other matters as shall be required or desired in connection with issuance of the Series A Notes.

Section 1.12A. Form of Notes. The Notes shall be in the following form, subject to such changes, insertions and deletions as the Chairman of the District shall agree to by execution of the Notes:

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BRADLEY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM BOND ANTICIPATION NOTE
SERIES A

No. $

BRADLEY PUBLIC SERVICE DISTRICT, a public service district in Putnam County of the State of West Virginia (the "District"), for value received, hereby promises to pay to bearer upon presentation and surrender hereof the sum of
without option of prior redemption, on December 31, 1979, with interest at the rate of Five and 15/100 per cent (5.15%) per year payable at maturity. Both principal and interest are payable in lawful money of the United States of America at the principal office of Raleigh County National Bank, Beckley, West Virginia, or at the option of the holder, at The Chase Manhattan Bank, N.A., New York, New York.

This Note is one of a series of Notes in the aggregate principal amount of $1,522,000 duly authorized by the District and issued in anticipation of the issuance of the Sewer Revenue Bond, Series 1978 (the "Bond"), of the District in the principal sum of $1,522,000 for aiding in the construction of a new public sewerage system (the "System") of the District.

Farmers Home Administration of the United States Department of Agriculture has agreed to purchase the Bond at least one day prior to the due date of the issue of Notes of which this Note is one.

The principal of this Note, and of the issue of Notes of which this Note is one, is payable solely, equally, ratably, and only from the proceeds of sale of the Bond and certain proceeds, if any, from the sale of refunding notes, and, if Farmers Home Administration should not purchase the Bond as agreed, from the net revenues of the System defined in the Resolution mentioned below. The proceeds of sale of the Bond and certain proceeds, if any, from the sale of the refunding notes have been pledged to the Noteholders to secure payment of the principal of the Notes.

Moneys from the proceeds of sale of the Notes to pay the interest on the Notes have been deposited with Raleigh County National Bank, Beckley, West Virginia, as Trustee.

The Notes of the issue of which this Note is one are limited and special obligations of the District, and do not and shall not constitute an indebtedness of the District within the meaning of any constitutional or statutory limitations or provisions, and the District shall not be obligated to pay this Note and the Notes of the issue of which this Note is one or the interest thereon except from the proceeds of sale of the said Bond received by the District and the proceeds of the Notes and certain proceeds from the sale of refunding notes and any other sources which may be provided by the Resolution authorizing issuance of the Notes and the Bond.

The Notes of the issue of which this Note is one have been duly authorized by a Resolution and a Supplemental Resolution of the District pursuant to West Virginia Code, Chapter 16, Article 13A.

Every requirement of law relating to the issuance hereof has been duly complied with.

IN WITNESS WHEREOF, BRADLEY PUBLIC SERVICE DISTRICT has caused this Note to be signed by the Chairman of its Public Service Board and the District has caused its seal to be hereto affixed and attested by the Secretary of said Public Service Board, all as of the date below written.

Dated: October 16, 1978.

BRADLEY PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Chairman

ATTEST:

_____
Secretary

ARTICLE I B

GRANT ANTICIPATION NOTES AND GRANT PROCEEDS

Section B-1.01. Authorization and General. In order to pay certain costs of the construction of the Project pending the receipt by the District of grant funds from Environmental Protection Agency ("EPA"), negotiable Grant Anticipation Notes of the District shall be issued and sold in the aggregate principal amount of $ 1,100,000 .

Each note shall be designated Sewerage System Grant Anticipation Notes, Series 1978, shall be dated on the date of delivery thereof, shall be in denominations which are integral multiples of $1,000, shall be in bearer form, shall bear interest from the date of delivery at the rate provided in the Grant Anticipation Note Supplemental Resolution hereinafter described, which rate shall not exceed the rate of 5.35 % per annum, payable at maturity, or at periodic intervals to be provided in the Grant Anticipation Note Supplemental Resolution, which maturity shall be not more than three years from such date of delivery, shall be numbered from one upward, may be payable at a New York City Bank if named in the Grant Anticipation Note Supplemental Resolution and at the principal office of the Trustee named below, as Paying Agents, at the option of the holder, and shall contain the provisions shown in the form of Series 1978 Notes set forth in Section B-1.12 below, substantially as therein set forth.

The Grant Anticipation Notes shall be executed for the District by the Chairman, and the seal of the District shall be affixed or imprinted thereon and attested by the signature of the Secretary.

The Grant Anticipation Notes shall be sold to Lehman Special Securities, Incorporated and Horner Barksdale & Co. (the "Underwriters"), pursuant to a Purchase Agreement to be entered into between the District and Underwriters (the "Purchase Agreement") and shall be sold at the price to be provided in the Supplemental Resolution described in Section B-1.11.

Section B-1.02. Deposit of Grant Anticipation Note Proceeds. A portion of the proceeds received from the sale of the Grant Anticipation

Notes to be specified in the Purchase Agreement shall be deposited on receipt by the District in Raleigh County National Bank, of Beckley, West Virginia, a member of the Federal Deposit Insurance Corporation ("FDIC"), as Trustee, in the Project Construction Account established by Section 3.01 of this Resolution; provided, that the District may designate any other bank in West Virginia as Trustee if the above-named Trustee should refuse or be unable to serve.

The balance of the proceeds from the sale of the Grant Anticipation Notes remaining after the deposit in the Project Construction Account provided above shall be directly deposited on receipt by the District with the Trustee in a special segregated account designated as "Bradley Public Service District Grant Anticipation Note Repayment Account," as more particularly described in and upon the further terms and conditions of Section B-1.06 below.

Section B-1.03. Security for the Grant Anticipation Notes. The Grant Anticipation Notes shall be secured by the pledge by the District of and by a first lien on (i) the moneys received by or for the District in excess of $1,706,500 and pursuant to the commitment of EPA to make the grant to the District in the amount of $2,806,500 (the "EPA Grant"), (ii) all moneys and securities in the Grant Anticipation Note Repayment Account, (iii) the proceeds of sale of the Grant Anticipation Refunding Notes, if any, and (iv) any other funds arising from grants or gifts lawfully available for the purpose, and said pledge by the District for the benefit of the holders of the Grant Anticipation Notes to the extent of the aggregate principal amount of the Grant Anticipation Notes and the interest thereon, is hereby made and granted. The District will execute such financing statements, security agreements and other documents that may be required to perfect such pledge and lien. The Trustee shall act as agent for the holders of the Grant Anticipation Notes in connection with the execution of all Financing Statements and other instruments necessary under applicable laws in order to fully perfect the interests of the holders of the Grant Anticipation Notes in the assets pledged hereby, and to receive all notices and respond to all inquiries in connection therewith.

Section B-1.04. Payment of Grant Anticipation Notes; Grant Proceeds. The District will immediately, upon receipt, deposit with the Trustee all proceeds of the EPA Grant received by the District in excess of the sum of $1,706,500 and the net proceeds of any Grant Anticipation Refunding Notes to be applied to the payment of the Grant Anticipation Notes pursuant to Section B-1.08 hereof, to be placed by the Trustee directly into the Grant Anticipation Note Repayment Account held by the Trustee. Upon maturity of the Grant Anticipation Notes, the Trustee will pay to the Paying Agents all principal and interest owing on the Grant Anticipation Notes, with the balance of moneys in the Grant Anticipation Note Repayment Account remaining after payment of all such principal and interest on the Grant Anticipation Notes and the charges of the Trustee to be refunded to the District.

Section B-1.05. Grant Anticipation Notes Are Limited Obligations. The Grant Anticipation Notes shall be limited obligations of the District, the interest of which is payable solely from certain of the proceeds from the sale of the Grant Anticipation Notes, the principal of which is payable from the sources described in Section B-1.03 above.

Section B-1.06. Trustee; Grant Anticipation Note Repayment Account. The Trustee shall segregate all funds and securities in the Grant Anticipation Note Repayment Account separate and apart from other deposits and funds of the Trustee and other deposits and funds of the District, including the Project Construction Account. All moneys in the Grant Anticipation Note Repayment Account, until payment in full of all principal and interest owing on the Grant Anticipation Notes at their maturity, shall be held by the Trustee for the holders of the Grant Anticipation Notes and the District shall have no rights with respect thereto except to receive the balance therein after payment of the Grant Anticipation Notes and the interest thereon and the charges of the Trustee. All moneys in the Grant Anticipation Note Repayment Account in excess of the amount insured by FDIC shall be continuously secured by, or invested by the Trustee in direct obligations of,

or obligations the principal of and interest on which are guaranteed by, the United States of America ("Federal Obligations") which Federal Obligation shall mature at least 1 day prior to the maturity of the Grant Anticipation Notes. At or prior to the maturity of the Grant Anticipation Notes, the Trustee shall transfer to the Paying Agents in immediately available funds the total principal of and interest owing on the Grant Anticipation Notes to their maturity. Upon such transfer the Trustee may refund to the District any excess amounts remaining in the Grant Anticipation Note Repayment Account. The Trustee is hereby authorized, upon such payment of all principal and interest owing on the Grant Anticipation Notes, to execute UCC termination statements indicating the termination of the security interest of the holders of the Grant Anticipation Notes in the assets referred to in Section B-1.03 above.

The District shall pay to the Trustee from time to time reasonable compensation for all services rendered by the Trustee under this Resolution and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Trustee in connection with its performance of its functions hereunder. The District shall from time to time have the right to appoint a successor Trustee provided that such successor Trustee be a bank or trust company or national banking association having corporate trust powers and insured by the FDIC. The Trustee shall signify its acceptance of the duties and obligations imposed by this Resolution by executing and delivering to the District a written acceptance thereof.

Section B-1.07. Paying Agents. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant to this Resolution by executing and delivering to the District a written acceptance thereof. The District may appoint as successor Paying Agent any bank, trust company or national banking association. The Underwriters shall pay to any Paying Agent in New York City from time to time reasonable compensation for all services rendered under this Resolution and all reasonable expenses, charges, counsel fees, and other disbursements incurred in connection with the performance of its obligation hereunder.

Section B-1.08. Covenants. The District covenants and agrees that, until payment in full of the principal and interest owing on the Grant Anticipation Notes at maturity, it will meet, abide by and comply with all conditions, terms and duties imposed upon the District in connection with the EPA Grant to the end that the District will at all times be fully entitled to receive the entire amount of the EPA Grant without delay.

The District covenants to take all actions necessary to cause EPA to pay to it the amount of the EPA Grant required to pay the Grant Anticipation Notes not later than the day before the maturity of the Grant Anticipation Notes unless the District shall have issued Refunding Notes pursuant to Section B-1.08A.

The District covenants that upon receipt of all proceeds of the EPA Grant, it will disburse such proceeds by providing for the defeasance of the Grant Anticipation Notes in accordance with the terms of Section B-1.10 hereof.

Section B-1.08A. Refunding Bond Anticipation Notes. The District covenants that in the event the proceeds of the EPA Grant in a sum sufficient to pay the Bond Anticipation Notes should not be received in time to pay the Grant Anticipation Notes at maturity, it will use its best efforts to sell one or more series of its Grant Anticipation Refunding Notes hereunder in such aggregate amount as shall be necessary to pay the principal of the Grant Anticipation Notes, accrued interest thereon to maturity and the expense of issuing such Grant Anticipation Refunding Notes. The proceeds of the Grant Anticipation Refunding Notes, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the Grant Anticipation Note Repayment Account and used solely for the payment of the principal of and accrued interest on the Grant Anticipation Notes.

All Grant Anticipation Refunding Notes shall be in substantially the same form as the Grant Anticipation Notes, but shall be of such denominations, bear such dates, bear interest at such rates, have such

maturity dates and contain an appropriate series designation, all as shall be provided in the supplemental resolution authorizing such Grant Anticipation Refunding Notes.

Section B-1.09. Events of Default and Enforcement. Each of the following events is hereby declared an "Event of Default": (a) failure to make timely payment of all principal and interest owing on the Grant Anticipation Notes at maturity; and (b) failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District for the benefit of the holders of the Grant Anticipation Notes as hereinabove provided.

Upon the happening of an Event of Default, the District will use every legal means to eliminate such Event of Default.

Section B-1.10. Defeasance of Grant Anticipation Notes. Upon deposit by the District with the Trustee of moneys sufficient to pay the Grant Anticipation Notes at maturity or Federal Obligations, the principal of and interest on which will be sufficient to pay the Grant Anticipation Notes at maturity, the Grant Anticipation Notes shall be considered to have been paid in full insofar as this Resolution is concerned, except as provided below, and the lien and pledge of this Resolution shall be deemed to be and shall be cancelled and discharged; and the holders of the Grant Anticipation Notes shall, upon such deposit, be entitled to payment of the Grant Anticipation Notes and the interest thereon at maturity solely from the moneys then on deposit with the Trustee. All moneys and all securities deposited in accordance with the provisions of this Section shall at all times be under the exclusive control of the Trustee, shall be held by it for the sole benefit of the holders of the Grant Anticipation Notes, and shall be applied solely to the payment of Grant Anticipation Notes except as expressly provided in this Section; and the District shall have no rights or powers with respect to nor any interest in such moneys or securities or any part thereof. All moneys remaining on deposit with the Trustee at the close of business on the

earlier of (A) the expiration of six months after the latest maturity date of the Grant Anticipation Notes issued hereunder or (B) the date on which all Grant Anticipation Notes have been paid in full, shall be released to the District upon its written request and the Trustee shall have no further obligation in respect of the payment of such Grant Anticipation Notes, and thereafter the holder of any Note shall look to the District for payment.

Section B-1.11. Supplemental Resolution. Following adoption of this Resolution, and upon receipt of the Purchase Agreement referred to in Section B-1.01, the District, if it be so advised, will adopt a Supplemental Resolution approving the Purchase Agreement and ordering the issuance of the Grant Anticipation Notes pursuant hereto and to the Supplemental Resolution, which Supplemental Resolution will provide, among other things, the interest rate or rates on the Grant Anticipation Notes, the Interest payment dates, the maturity date of the Grant Anticipation Notes, the sale price of the Grant Anticipation Notes, and such other matters as shall be required or desired in connection with issuance of the Grant Anticipation Notes.

Section B-1.12. Form of Grant Anticipation Notes. The Grant Anticipation Notes shall be in the following form, subject to such changes, insertions and deletions as the Chairman of the District shall agree to by execution of the Grant Anticipation Notes:

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BRADLEY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM GRANT ANTICIPATION NOTE
SERIES 1978

No.

$

BRADLEY PUBLIC SERVICE DISTRICT, a public service district in Raleigh County of the State of West Virginia (the "District"), for value received, hereby promises to pay to bearer upon presentation and surrender hereof the sum of

without option of prior redemption, on April 15, 1980, with interest at the rate of Five and a quarter per cent (5.25%) per year payable at maturity. Both principal and interest are payable in lawful money of the United States of America at the principal office of Raleigh County National Bank, Beckley, West Virginia, or at the option of the holder, at The Chase Manhattan Bank, N.A., New York, New York.

This Note is one of a series of Notes in the aggregate principal amount of $1,100,000 duly authorized by the District and issued in anticipation of the receipt by the District from the United States Environmental Protection Agency ("EPA") of a grant in aid of construction of a new public sewerage system (the "System") of the District, which grant has been committed in the sum of $2,806,500 (the "EPA Grant").

The principal of this Note, and of the issue of Notes of which this Note is one, is payable solely, equally, ratably, and only from the proceeds of the EPA Grant and certain proceeds, if any, from the sale of refunding notes. The proceeds of the EPA Grant and certain proceeds, if any, from the sale of refunding notes have been pledged to the Noteholders to secure payment of the principal of the Notes.

Moneys from the proceeds of sale of the Notes to pay the interest on the Notes hava been deposited with Raleigh County National Bank, Beckley, West Virginia, as Trustee.

The Notes of the issue of which this Note is one are limited and special obligations of the District, and do not and shall not constitute an indebtedness of the District within the meaning of any constitutional or statutory limitations or provisions, and the District shall not be obligated to pay this Note and the Notes of the issue of which this Note is one or the interest thereon except from the proceeds of the EPA Grant received by the District and certain proceeds from the sale of refunding notes and, with respect to interest hereon, certain of the proceeds of the Notes.

The Notes of the issue of which this Note is one have been duly authorized by a Resolution and a Supplemental Resolution of the District pursuant to West Virginia Code, Chapter 16, Article 13A.

Every requirement of law relating to the issuance hereof has been duly complied with.

IN WITNESS WHEREOF, BRADLEY PUBLIC SERVICE DISTRICT has caused this Note to be signed by the Chairman of its Public Service Board and the District has caused its seal to be hereto affixed and attested by the Secretary of said Public Service Board, all as of the date below written.

Dated: October 16, 1978.

BRADLEY PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Chairman

ATTEST:

_____
Secretary

6P.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the District, to be known as "Sewer Revenue Bond, Series 1978," is hereby authorized to be issued in the aggregate principal amount of not to exceed One Million Five Hundred Twenty-Two Thousand Dollars ($1,522,000) for the purpose of financing the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the District, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require.

The Bond so surrendered shall be canceled and held for the account of the District. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the District may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond and Bond Anticipation Notes Secured by Pledge of Revenues. The payment of the debt service of the Bond and the Bond Anticipation Notes shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond and the Bond Anticipation Notes, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.06. Form of Bond. Subject to the provisions of this Resolution, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

SEWER REVENUE BOND, SERIES 1978

BRADLEY PUBLIC SERVICE DISTRICT

$1,522,000

No. 1 Date: _____

FOR VALUE RECEIVED, BRADLEY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Million Five Hundred Twenty-Two Thousand Dollars ($1,522,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and $7474, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the

Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations

of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

[CORPORATE SEAL]

BRADLEY PUBLIC SERVICE DISTRICT
(Name of Borrower)

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

ATTEST:

(Post Office Box No. or Street Address)

Bradley, West Virginia 25818
(City, State and Zip Code)

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $_____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

NOTE PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Note Proceeds; Project Construction Account. The proceeds of sale of the Notes, less the respective sums representing interest on the Notes to the respective maturities thereof, shall be deposited on receipt by the District in Raleigh County National Bank, Beckley West Virginia, a member of Federal Deposit Insurance Corporation ("FDIC"), in a special account hereby created and designated as "Bradley Public Service District Construction Account" (the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the District solely for the purposes provided in this Resolution.

Until completion of construction of the Project, the District will transfer from the Project Construction Account and pay to the National Finance Office named in the Bond, not later than the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the Bond on such interest payment date if the Net Revenues are insufficient for such purpose.

If the District shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the District may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made,

any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Government.

Section 3.02. Covenants of the District as to Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the District further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established with said Bank. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner provided in this Resolution.

(B) Disposition of Revenues. All revenues at any time on deposi in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The District shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amounts required to pay the interest on the Bond and to amortize the principal of the Bond over the life of the Bond issue.

(3) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with said Bank in the Reserve Account hereby established with said Bank, one-one hundred twentieth of the

maximum amount of principal of and interest on the Bond payable in any year, such sum being herein called the "Minimum Reserve" and being the sum of $90,000. After the Minimum Reserve has been accumulated in the Reserve Account, the District shall monthly deposit into the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Bond as the same shall become due or for prepayment of installments or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve hereby established with said Bank the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $145,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of installments on the Bond as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the District and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bond or for any lawful purpose.

Whenever the moneys in the Reserve Account shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the District, anything to the contrary in this Resolution notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The said Bank (and any successor appointed by the District) is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited by the District upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Government shall have a lien thereon for further securing payment of the Bond and the interest thereon. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia. The Bank shall not be a trustee as to such funds.

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

The Fiscal Agent shall keep the moneys in the Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United

States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) User Contracts. The District shall, prior to delivery of the Bond, obtain user agreements from not less than 788 bona fide full time users, and shall collect from such users, and deposit in the Project Construction Account, not less than $19,700, based on a tap fee of $25.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the District and the bondholders.

Section 4.02. Rates. The District will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the average annual debt service on the Bond and to make the payments required herein into the Reserve Account and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued with the issuance of the Bond pursuant to this Resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that so long as the Bonds remain outstanding, it will, as an expense of operation and maintenance of the System, procure, carry

and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than $200,000 from claims for damage to property of others which may arise from the District's operation of the System, such insurance to be procured at the commencement of construction of the Project.

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

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the

Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

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

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment into the Bond Fund at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Bond or in this resolution, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Government may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the District agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

If for any reason the District shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses

shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the District. Each such Budget of Current Expenses shall be mailed immediately to the Government.

Section 4.10. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision of this resolution.

Section 4.11. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.12. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and the Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Government.

Section 4.13. Maintenance of System. The District covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The District will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the District or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond and the Notes and the proceeds of the EPA Grant will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions of this Resolution:

AVAILABILITY OF SERVICE

Available for all domestic, commercial, institutional and industrial consumers within the District's service area.

RATES BASED UPON WATER USED PER MONTH

First	3,000 gallons used per month	$ 3.60 per 1,000 gallons
Next	3,000 gallons used per month	3.45 per 1,000 gallons
Next	4,000 gallons used per month	3.20 per 1,000 gallons
Next	10,000 gallons used per month	2.82 per 1,000 gallons
All over	20,000 gallons used per month	2.46 per 1,000 gallons

MINIMUM CHARGE

No monthly bill shall be rendered for less than the following amounts based on size of meter:

No bill will be issued for less than $10.80.

For sewer customers who are not now on metered water service, "flat" sewer service rate will be charged at the rate of $14.00 per month.

TAP FEES FOR NEW SERVICE

Prior to award of construction contract $25.00
After award of construction contract $150 or actual cost of installation, including materials and labor, whichever is greater.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within 20 days after date of billing, a penalty of ten per cent will be added to the net amount of the bill.

MULTIPLE OCCUPANCY

When more than one dwelling or place of business are served by a common water meter, there will be a minimum charge of nine dollars ($9.00) per month for each such dwelling or place of business.

MOBILE HOME COURTS

Mobile home courts - nine dollars ($9.00) per unit times the number of units being served.

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

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. When such fees, rates and charges have been delinquent for thirty days, the District shall have power forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

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

E. The District may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment

of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Board are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-7).

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted October 16, 1978.

John M. R. Kittles
Chairman of Public Service Board

William R. Ackerman
Member

Eileen B. Penny
Member

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BRADLEY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1995A, 1995B and 1995C

$2,000,000 Series A
$1,676,000 Series B
$250,000 Series C

BOND RESOLUTION

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BRADLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES AND ISSUANCE OF PARITY SEWER REVENUE BONDS, SERIES 1995A, 1995B AND 1995C OF BRADLEY PUBLIC SERVICE DISTRICT, SERIES A IN THE AMOUNT OF $2,000,000, SERIES B IN THE AMOUNT OF $1,676,000, AND SERIES C IN THE AMOUNT OF $250,000, TO FINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC SEWER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PLACING LIMIT ON SALE OF SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BONDS; PROVIDING STATUTORY LIEN ON REVENUES AND SYSTEM; PROVIDING FOR THE ADOPTION, RATIFICATION, APPROVAL AND COLLECTION OF RATES AND CHARGES FOR THE PUBLIC SEWER SYSTEM; AND PROVIDING GENERAL TERMS AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF BRADLEY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, as amended (the "Act") and other applicable provisions of law.

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

A. Bradley Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Raleigh County.

B. The Issuer now has a public sewer system and desires to improve and expand that system and it is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed certain improvements, extensions and betterments to the existing public sewer system for the collection, treatment, purification and/or disposal of liquid or solid wastes, sewage or industrial wastes of the Issuer known as the "System" (sometimes referred to herein as the "System") so as to improve the public health, comfort and convenience of residents of the District all necessary appurtenant facilities (the "Project"), and generally described as sewerline extensions, pumps, pumping stations, sewer plant improvements and necessary appurtenances particularly described in and according to the plans and specifications prepared by the Consulting Engineer for the Prosperity project and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bonds in the aggregate principal amounts of $2,000,000, $1,676,000 and $250,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is $4,526,000, of which $2,000,000 will be obtained from the proceeds of sale of the Series 1995A Bond herein authorized, $1,676,000 will be obtained from the proceeds of sale of the Series 1995B Bond herein authorized, $250,000 will be obtained from the proceeds of sale of the Series 1995C Bond herein authorized and $600,000 will be obtained from a RECD, formerly FmHA, grant. The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bonds prior to, during and for six (6) months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby and all items set out in W.Va. Code §16-13A-14, as amended.

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

F. There are currently outstanding the obligations of the Issuer with which the Bonds will rank on a priority as to lien and source of and security for payment as follows:

(i) Sewer Revenue Bond of the Issuer, dated December 17, 1979 (the "1978 Bond") issued in the original principal amount of $1,522,000 secured under the terms of the 1978 Resolution (hereinafter defined).

There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien, pledge and/or source of and security for payment.

G. The Issuer is not in default under the terms of the 1978 Resolution (hereinafter defined) or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid waiver thereof.

H. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of

the Project and issuance of the Bonds, or will have so complied prior to issuance of the Bonds including, among other things, the imposition of rates and charges, the consent and approval, pursuant to the Act, of the issuance of the Bonds by the Public Service Commission of West Virginia by final order.

J. It is in the best interests of the Issuer that the Bonds be sold to the United States Department of Agriculture, Rural Economic and Community Development, formerly the Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of letters of conditions dated July 24, 1991, as amended December 20, 1993, as amended January 25, 1995, and all amendments thereto (collectively, the "Letters of Conditions").

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Resolution") shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Bond.

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

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

"1995A Bond" or "1995 Series A Bond" means the $2,000,000 Sewer Revenue Bond authorized by this resolution.

"1995B Bond" or "1995 Series B Bond" means the $1,676,000 Sewer Revenue Bond authorized by this resolution.

"1995C Bond" or "1995 Series C Bond" means the $250,000 Sewer Revenue Bond authorized by this resolution.

"Bonds" means the $2,000,000 Series A, $1,676,000 Series B and $250,000 Series C, Sewer Revenue Bonds, Series 1995, authorized hereby to be issued.

"1978 Bond" or "Series 1978 Bond" means the outstanding Bond of the Issuer dated December 17, 1979 described in Section 1.02(F) herein.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Yucker, Wickline and Associates, Sophia, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

"Depository Bank" means initially the Bank of Raleigh, Beckley, West Virginia, a bank or trust company which is a member of FDIC and its successors and assigns or such other qualified bank or trust company designated now or hereafter by Issuer.

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

"FDIC" means the Federal Deposit Insurance Corporation.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Public Service Board of the Issuer.

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

"Herein" means in this Resolution.

"Holder of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"Issuer" or "District" means Bradley Public Service District, of Raleigh County, West Virginia, and, where appropriate, also means the Governing Body.

"Letters of Conditions" means the Letters of Conditions of RECD, formerly FmHA, dated July 24, 1991, as amended December 20, 1993, as amended January 25, 1995, and any other amendments thereto.

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

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

upon the Bond and into the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

"Prior Bond" means the 1978 Bond.

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

"Purchaser", "RECD, formerly FmHA", "Rural Economic and Community Development, formerly the Farmers Home Administration" or "Government" means United States of America, United States Department of Agriculture, Rural Economic and Community Development, formerly the Farmers Home Administration, and any successor thereof.

"Qualified Investments" means and include 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 evidence of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

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

"1978 Resolution" means the resolution of Issuer providing for the 1978 Bond adopted October 16, 1978, as supplemented by resolution dated October 16, 1978

"Resolution" means this Resolution and all resolutions supplemental hereto.

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

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and all existing sewer facilities owned by the Issuer and all Facilities and other property of every nature, real or personal, now or hereafter acquired and/or owned, held or used in connection with the System and for the collection, treatment, purification and/or disposal of liquid or solid wastes, sewage or industrial wastes; and shall also include any and all additions, extensions, improvements, replacements, properties or other facilities at any time acquired or constructed for said sewer system after completion of the Project.

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

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

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 $4,526,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUANCE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions hereof, the Bonds of the Issuer to be known as "Bradley Public Service District Sewer Revenue Bonds, Series 1995 A, B and C," Series A in the principal amount of $2,000,000, Series B in the principal amount of $1,676,000 and Series C in the principal amount of $250,000 are hereby authorized to be issued for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 3.02. Description of Bonds. The Bonds shall be issued in single registered form, Series A No. R-1, Series B No. R-2 and Series C No. R-3, and shall be dated on the date of delivery. The 1995 Series A and B Bonds shall both bear interest from date, payable monthly at a maximum rate of five percent (5%) per annum or such lower rate that RECD, formerly FmHA, will make available at closing, and shall be sold for the par value thereof but in no event greater than five percent (5%) per annum. The 1995 Series C Bonds shall bear interest from date, payable monthly at the rate of four and one half

percent (4.5%) per annum or such lower rate that RECD will make available at closing, and shall be sold for the par value thereof but in no event greater than four and one half (4.5%) per annum. It is expected that the 1995 Series A, Series B and Series C Bonds all shall bear interest at the rate of four and one half percent (4.5%) per annum.

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

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary, and the Chairman and the Secretary are hereby authorized to execute the Bonds and such other documents as are necessary to finalize this transaction. In case any one or more of the officers who shall have signed or sealed 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 Bond 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 Bond such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Registration, Transfer and Exchange of Bonds. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, but the Bonds may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.05 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of either of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. No interest in the Bonds shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Legislation.

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

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

Section 3.05. Registrar. The Issuer shall be the Bond Registrar and

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

The Registrar shall accept the Bonds for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or social security numbers of the settlor and beneficiaries of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any of the Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his, her or its ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Bonds shall be secured forthwith by a parity lien with each other and with the 1978 Bond on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

SEWER REVENUE BOND, SERIES 1995A

BRADLEY PUBLIC SERVICE DISTRICT
$2,000,000

No. R-1 Date: March 16, 1995

FOR VALUE RECEIVED, BRADLEY PUBLIC SERVICE DISTRICT (herein called "Issuer") promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Million Dollars ($2,000,000), plus interest on the unpaid principal balance at the rate of four and one half percent (4.5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and $9,180 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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 the principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Economic and Community Development, formerly 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 Issuer to pay the remaining installments as scheduled herein.

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

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

holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Articles 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Issuer 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, Issuer will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government,

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Rural Economic Community Development, formerly the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE CERTAIN SEWER REVENUE BOND, SERIES 1978 OF THE ISSUER DESCRIBED IN THE RESOLUTION AND THE 1995 SERIES B BOND AND THE 1995 SERIES C BOND OF THE ISSUER DESCRIBED IN THIS RESOLUTION.

The initial address of Government for purposes of bond registration is P.O. Box 678, Morgantown, WV 26505.

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

BRADLEY PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Chairman, Public Service Board
P.O. Box 290
Bradley, WV 25818

ATTEST:

By: _____
Secretary

(Form Of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $ _____

(Form of Assignment)

ASSIGNMENT

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

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

DATED: _____.

_____

In the presence of:

_____

(FORM OF BOND)

SEWER REVENUE BOND, SERIES 1995B

BRADLEY PUBLIC SERVICE DISTRICT
$1,676,000

No. R-2

Date: March 12, 1995

FOR VALUE RECEIVED, BRADLEY PUBLIC SERVICE DISTRICT (herein called "Issuer") promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Million Six Hundred Seventy-Six Thousand Dollars ($1,676,000), plus interest on the unpaid principal balance at the rate of four and one half percent (4.5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and $7,693 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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 the principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Economic and Community Development, formerly 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 Issuer to pay the remaining installments as scheduled herein.

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

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

holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Articles 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Issuer 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, Issuer will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government,

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Rural Economic and Community Development, formerly the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE CERTAIN SEWER REVENUE BOND, SERIES 1978 OF THE ISSUER DESCRIBED IN THE RESOLUTION AND THE 1995 SERIES A BOND AND THE 1995 SERIES C BOND OF THE ISSUER DESCRIBED IN THIS RESOLUTION.

The initial address of Government for purposes of bond registration is P.O. Box 678, Morgantown, WV 26505.

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

BRADLEY PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Chairman, Public Service Board
P.O. Box 290
Bradley, WV 25818

ATTEST:

By: _____
Secretary

(Form Of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $ _____

(Form of Assignment)

ASSIGNMENT

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

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

DATED: _____.

_____

In the presence of:

_____

(FORM OF BOND)

SEWER REVENUE BOND, SERIES 1995C

BRADLEY PUBLIC SERVICE DISTRICT
$250,000

No. R-3 Date: March 16, 1995

FOR VALUE RECEIVED, BRADLEY PUBLIC SERVICE DISTRICT (herein called "Issuer") promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Hundred Fifty Dollars ($250,000), plus interest on the unpaid principal balance at the rate of four and one half percent (4.5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and $1,148 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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 the principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Economic and Community Development, formerly 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 Issuer to pay the remaining installments as scheduled herein.

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

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

holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Articles 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Issuer 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, Issuer will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government,

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Rural Economic Community Development, formerly the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE CERTAIN SEWER REVENUE BOND, SERIES 1978 OF THE ISSUER DESCRIBED IN THE RESOLUTION AND THE 1995 SERIES A BOND AND THE 1995 SERIES B BOND OF THE ISSUER DESCRIBED IN THIS RESOLUTION.

The initial address of Government for purposes of bond registration is P.O. Box 678, Morgantown, WV 26505.

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

BRADLEY PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Chairman, Public Service Board
P.O. Box 290
Bradley, WV 25818

ATTEST:

By: _____
Secretary

(Form Of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $ _____

(Form of Assignment)

ASSIGNMENT

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

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

DATED: _____.

_____

In the presence of:

_____

ARTICLE IV

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

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by the 1978 Resolution), and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the 1978 Resolution and continued hereby);

(2) Project Construction Account;

(3) Reserve Account (established by the 1978 Resolution and continued hereby);

(4) Depreciation Reserve (established by the 1978 Resolution and continued hereby);

Section 4.02. Bond Proceeds; Project Construction Account. All moneys received from the sale of any or all of the Bonds shall be deposited upon receipt by the Issuer in the Depository Bank, a member of Federal Deposit Insurance Corporation (FDIC), in a special account hereby now established and designated as "Bradley Public Service District Sewer System Construction Account Series 1995 A, B and C Bonds" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

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

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in Qualified Investments.

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

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

Section 4.03. Covenants of the Issuer as to Revenues and Funds. So long as any of the Bonds or 1978 Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds or 1978 Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bonds as follows:

(A) Revenue Fund. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" originally established under the 1978 Resolution and which is hereby continued hereunder with the Depository Bank. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority subject to the provisions of the 1978 Resolution not otherwise modified herein:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the holder of the 1978 Bond and the Bonds at the address designated and/or the National Finance Office designated in the Bonds (or such other place as may be provided pursuant to the Bonds), the amount required to pay the interest on 1978 Bond and the Bonds, and to amortize the principal of all those Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on all those Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on each date that payment is made as set forth in (2) above, transfer from the Revenue Fund and remit to the Depository Bank on a parity basis for deposit in the 1978 Reserve Account, and the 1995 Reserve Account herein created 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum aggregate amount of principal and interest which will become due on the 1978 Bond and the Bonds until the minimum Reserve Account for the 1978 Bond reaches $90,000 and the minimum

Reserve Account for the Bonds reaches $216,246 (collectively, the "Reserve Requirements"). After the Reserve Requirements have been accumulated in the Reserve Accounts, the Issuer shall monthly deposit into the Reserve Accounts such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the Reserve Requirements. Moneys in the Reserve Accounts shall be used solely to make up any deficiency in monthly payments of the principal of and interest on the Bonds and the 1978 Bond as the same shall become due or for prepayment of installments on the Bonds, or for mandatory prepayment of the 1978 Bond and the Bonds as hereinafter provided, and for no other purpose, on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(4) The Issuer shall next, on each date that payment is made as set forth in (2) above, transfer from the Revenue Account and deposit in the 1978 Depreciation Reserve, the moneys remaining in the Revenue Account and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $145,000 as required by the 1978 Resolution and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve, shall be used first to make up any deficiencies for monthly payments of principal of and interest on the 1978 Bond as the same become due, and next to restore to the 1978 Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the 1978 Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any ("Surplus Revenues"), may be used to prepay installments of the Bonds and the 1978 Bond, pro rata, or for any lawful purpose.

Whenever the money in the Reserve Accounts shall be sufficient to prepay the Bonds and the 1978 Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay those Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Accounts, and the Depreciation Reserve, herein provided, and all amounts required for the Reserve Accounts and the Depreciation Reserve will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and

until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

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

Subject to the 1978 Resolution, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Accounts and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account.

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

(D) User Contracts. The Issuer shall, prior to delivery of the Bonds, provide evidence that there will be 1286 bona fide users of the total System when the extension of the System is completed and placed in operation (288 new users and 998 existing users), and must obtain user agreements and the user contribution from each new user and deposit in the Sewer Project Construction Account all such new user contributions collected.

(E) Charges and Fees. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

(F) Investment of Excess Balances. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of state and municipal funds under the laws of the State.

(G) Remittances. All remittances made by the Issuer to the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the 1995 Sewer Reserve Accounts a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than one hundred ten percent (110%) of the annual debt service on the Bonds and to make the payments required herein into the Sewer Reserve Account and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

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

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of the revenues of the System or any part thereof shall be issued after the issuance of the Bonds pursuant hereto except with the prior written consent of the Purchaser or the then holder of or Trustee or agent for the holders of the Bonds.

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

(a) Real Property Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of

the System now in use, on all above-ground structures of the System in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

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

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

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

(e) Fidelity Bonds will be provided as to every member of the Governing Body and every officer and employee of the District having custody of the Revenue Fund or of any revenues or other funds of the System in an amount at least equal to the total annual debt service requirements for all outstanding RECD, formerly FmHA, loans.

(f) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the

Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage. 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 and shall take effect immediately upon delivery of the Bonds.

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

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof and/or;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bonds or herein, or violation of or failure to observe any provision of any pertinent law or of this Resolution or the 1978 Bond Resolution.

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

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The Receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the Court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

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

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten percent (10%); and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

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

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

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

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

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

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

boundaries of the Issuer or within the territory served by the System.

Section 5.15. Tax Covenants as to Tax Exempt Status of Bonds.

1. The Issuer covenants that (a) it shall not permit or cause to be done any act or thing which would result in the loss of exemption from tax of interest on the Bonds under Section 103(a) of the Internal Revenue Code and the regulations thereunder, or under any successor or similar provision of the Internal Revenue Code hereinafter enacted and applicable to the Bonds and regulations thereunder; (b) it shall not invest or otherwise use or permit or cause to be invested or used, any of the proceeds of the Bonds, or moneys deemed to be proceeds of the Bonds under the Internal Revenue Code, directly or indirectly, in any manner which would result in such Bonds being classified as an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Service Code or regulations thereunder, and each shall comply with the requirements of such Section and (c) no part of the proceeds of the Bonds or any funds held under the Ordinance shall at any time be used directly or indirectly for any purpose for which would cause the Bonds to be subject to treatment as a "private activity bond" under the Internal Revenue Code or regulations thereunder and to that end the Issuer will comply with the applicable law as long as the Bonds are outstanding.

2. The Issuer hereby further covenants and agrees as follows:

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

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in

excess of five percent (5%) of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

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

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

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Holder) so that the interest on the Bond will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Holder) which would adversely affect such exclusion.

ARTICLE VI

RATES, RULES, COVENANTS, ETC.

Section 6.01. Initial Schedule of Rates and Charges.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth on an Order of the Public Service Commission dated August 16, 1993 in Case Number 92-0848-PSD-CN, as supplemented by a Final Order dated February 14, 1995, which orders are incorporated herein by reference and are made a part hereof.

B. The Issuer hereby modifies and enacts to the extent necessary the rates and charges as set out in the above-referenced orders and to be included on a tariff sheet to be filed with the Public Service Commission which rates and conditions are as follows:

AVAILABILITY	MINIMUM CHARGE
Available for general domestic, commercial and industrial service.	No bill shall be rendered for less than $16.50 or the following amounts according to the size of the meter installed. For sewer customers who are not now on metered water service, a "flat" sewer service rate will be charged at the rate of $21.80, based on consumption of 4,000 gallons per month.

RATE

First	3,000 gallons used per month	$5.50 per 1,000 gallons
Next	3,000 gallons used per month	$5.30 per 1,000 gallons
Next	14,000 gallons used per month	$5.00 per 1,000 gallons
Over	20,000 gallons used per month	$4.75 per 1,000 gallons

DELAYED PAYMENT PENALTY

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

WATER DISCONNECTION - RECONNECTION FEES

Whenever water service has been disconnected for nonpayment of sewer bill, a disconnection fee of $7.50 shall be charged.

Whenever water service which has been previously disconnected or otherwise withheld for nonpayment of sewer bills is reconnected, a fee of $7.50 shall be charged.

CONNECTION CHARGES

Prior to completion of construction adjacent to owner's property, $25.00.

After completion of construction adjacent to owner's property, $150.00.

SURFACE OR GROUND WATER SURCHARGE

Where surface or ground water is introduced into the sanitary system, a surcharge to the customer may be added where evidence of a violation exists. Charges and conditions will be according to PSC Rule 5.04(19).

MULTIPLE OCCUPANCY

When more than one dwelling or place of business are served by a common water meter, there will be a minimum charge of nine dollars ($9.00) per month for each such dwelling or place of business.

MOBILE HOME COURTS

Mobile home courts - nine dollars ($9.00) per unit times the number of units being served.

RULES AND REGULATIONS

Rules and Regulations for the Government of Sewerage Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

Section 6.02. Further Covenants

The Issuer hereby further covenants and agrees as follows:

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

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

Section 7.02. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of West Virginia and of the Clerk of the County Commission of Raleigh County.

Section 7.03. Delivery of Bonds. The Chairman and Secretary-Treasurer of the Governing Body are hereby authorized and directed to cause the Series 1995A, B and C Bonds, numbered R-1, R-2 and R-3, respectively, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

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

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

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

Section 7.07. Modification or Amendment. The Bond Legislation may not be modified or amended in any material manner after final passage without the prior written consent of the Purchaser and/or holder of the Bonds.

Section 7.08. 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 applicable thereto; and that the~~ Chairman, Secretary and members of the Governing Body were at all ~~times~~ when any actions in connection with this Resolution occurred and are ~~duly~~ in office and duly qualified for such office.

Section 7.09. Supplemental Resolution. The District may pass such supplemental resolution, if necessary, to effectuate the purposes and intent of this resolution.

Section 7.10. Effective Time. This Resolution shall take effect immediately upon its adoption.

Section 7.11 1978 Resolution. The 1978 Resolution and all parts ~~not expressly hereby changed shall continue in full force and effect.~~

the laws and Constitution of the State applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.09. Supplemental Resolution. The District may pass such supplemental resolution, if necessary, to effectuate the purposes and intent of this resolution.

Section 7.10. Effective Time. This Resolution shall take effect immediately upon its adoption.

Section 7.11 1978 Resolution. The 1978 Resolution and all parts not expressly hereby changed shall continue in full force and effect.

Adopted this 14th day of March, 1995.

(SEAL)

Attest:

By: Dorothy J. Reader
Secretary

BRADLEY PUBLIC SERVICE DISTRICT

By: D B Stevenson IV
Chairman of Public Service Board

By: Dawson Sweeney
Member

By: Dorothy J. Reader
Member

CERTIFICATION

I, Dorothy J. Redden Secretary of the Public Service Board of the Bradley Public Service District, hereby certify that the foregoing is a true and correct copy of the Resolution of a meeting of said Public Service Board held March 14, 1995. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 16th day of March 1995.

Dorothy J. Redden
Secretary

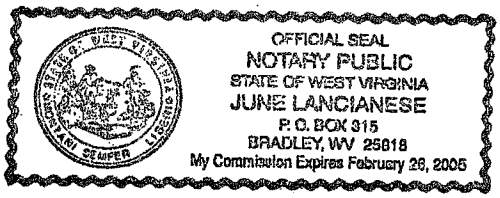
STATE OF WEST VIRGINIA,

COUNTY OF RALEIGH, to-wit:

The foregoing instrument was acknowledged before me this 16th day of March, 1995, by D. B. Stevenson, Jr., the Chairman of the Bradley Public Service District, a public corporation, on behalf of said corporation.

My commission expires 2/26/2005.

June Lancianese
NOTARY PUBLIC



OFFICE OF THE CLERK OF THE COUNTY COMMISSION
OF RALEIGH COUNTY, WEST VIRGINIA

2:43 P.M. Mar. 16 1995

The foregoing Instrument of Writing, together with the certificate of acknowledgement thereof, was this day presented in said office and admitted to record.

Return To:

Bill Koop

Betty Riffle Clerk

BRADLEY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2002A

(STATE REVOLVING FUND)

BOND RESOLUTION

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BRADLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE DESIGN OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BRADLEY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $293,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002A (STATE REVOLVING FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF BRADLEY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

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

inhabitants of the Issuer that there be planned and designed certain improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of the acquisition, construction, installation and equipping of a new 1 mgd SBR wastewater treatment plant at the location of the existing plant on North Sands Fork of Paint Creek, utilizing the clarifiers, digesters, oxidation ditch and lab building of the existing facility, and the installation of a conventional gravity system to the communities of Eunice, Pettus, Mar Fork, Jarrolds Valley, Walhonde #1 and Walhonde #2, with collected wastewater to be transported and treated at the existing Boone-Raleigh Public Service District wastewater treatment plant, the abandonment of existing packaged treatment facilities at Eunice, Walhonde #1 and Walhonde #2 and related property and equipment (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System").

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2002A (State Revolving Fund), in the aggregate principal amount of not more than $293,000 (the "Series 2002A Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of design of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Series 2002A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2002A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of design of the Project, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2002A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System is not less than 35 years.

F. It is in the best interests of the Issuer that its Series 2002A Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase

agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "Bond Purchase Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2002A Bonds as to liens, pledge and source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 2002A Bonds as follows:

a. Sewer Revenue Bond, Series 1978, dated December 17, 1979, issued in the original principal amount of $1,522,000 (the "Series 1979 Bonds");

b. Sewer Revenue Bonds, Series 1995 A, 1995 B and 1995 C, dated March 16, 1995, issued in the original principal amounts of $2,000,000, $1,676,000 and $250,000, respectively (the "Series 1995 Bonds"); and

c. Sewerage System Design Notes, Series 2002B (West Virginia Infrastructure Fund), issued concurrently herewith in the original principal amount of $200,000 (the "Notes").

The Series 1979 Bonds and the Series 1995 Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2002A Bonds shall be issued on a parity with the Prior Bonds, and senior and prior to the Notes with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements for issuance of parity bonds of the Prior Bonds and the resolutions authorizing the Prior Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2002A Bonds, the Issuer will obtain the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002A Bonds on a parity with the Prior Bonds and the written consent of the Holders of the Notes to the issuance of the Series 2002A Bonds on a senior and prior basis to the Notes. Other than the Prior Bonds and the Notes, there are no outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System.

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

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the design of the Project and the operation of the System and issuance of the Series 2002A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity, if necessary, and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2002A Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2002A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2002A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002A 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.

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

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2002A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

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

"Bonds" means, collectively, the Series 2002A Bonds, the Prior Bonds, and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2002A Bonds for all or a portion of the proceeds of the Series 2002A Bonds from the Authority.

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

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

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

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

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

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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

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

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

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

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

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, 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.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Net Proceeds" means the face amount of the Series 2002A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2002A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property, as defined in Section 148(b) of the Code, that is not a purpose investment.

"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, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted

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

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2002A Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1979 Bonds and the Series 1995 Bonds as described in Section 1.02G hereof.

"Prior Resolutions" means, individually or collectively, the resolution of the Issuer adopted October 16, 1978, authorizing the Series 1979 Bonds; and the resolution of the Issuer adopted March 8, 1995, authorizing the Series 1995 Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that use as a member of the general public shall not be taken into account.

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above or fully insured by the FDIC, with member banks of the Federal Reserve system or 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 Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax

purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2002A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Series 2002A Bonds and the Prior Bonds.

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

"Second Lien Bonds" means the Series 2002B Bonds as described in Section 1.02G hereof.

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

"Series 1979 Bonds" means the Sewer Revenue Bonds, Series 1979, of the Issuer as described in Section 1.02G hereof.

"Series 1995 Bonds" means the Sewer Revenue Bonds, Series 1995 A, B and C, of the Issuer as described in Section 1.02G hereof.

"Series 2002A Bonds" means the Sewer Revenue Bonds, Series 2002A (State Revolving Fund), of the Issuer, authorized by this Resolution.

"Series 2002A Bonds Project Fund" means the Series 2002A Bonds Project Fund established by Section 5.01 hereof.

"Series 2002A Bonds Reserve Account" means the Series 2002A Bonds Reserve Account established in the Series 2002A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2002A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002A Bonds in the then current or any succeeding year.

"Series 2002A Bonds Sinking Fund" means the Series 2002A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2002A Bonds and the Prior Bonds.

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2002A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2002A Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2002A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

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

any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF DESIGN OF THE PROJECT

Section 2.01. Authorization of Design of the Project. There is hereby authorized and ordered the design of the Project, at an estimated cost of $516,000. The proceeds of the Series 2002A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer will enter into contracts for the design of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of design of the Project is estimated to be $516,000, of which $293,000 will be obtained from the proceeds of the Series 2002A Bonds, $200,000 will be obtained from the Notes, and $23,000 will be contributed from the District's own funds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2002A Bonds, funding a reserve account for the Series 2002A Bonds, paying Costs of design of the Project not otherwise provided for and paying certain costs of issuance of the Series 2002A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2002A Bonds of the Issuer. The Series 2002A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2002A (State Revolving Fund)," in the principal amount of not more than $293,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002A Bonds remaining after funding of the Series 2002A Bonds Reserve Account (if funded from Bond proceeds), capitalizing interest on the Series 2002A Bonds, if any, shall be deposited in or credited to the Series 2002A Bonds Project Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2002A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2002A Bonds shall be payable as to principal at the office of the

Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2002A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2002A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2002A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2002A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest, if any, as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2002A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2002A Bonds shall cease to be such officer of the Issuer before the Series 2002A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2002A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2002A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2002A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2002A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2002A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2002A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a

substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2002A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2002A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002A Bonds or the interest, if any, 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 the Series 2002A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Notes. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2002A Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2002A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2002A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2002A Bonds to the original purchasers;

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

D. An executed copy of the Bond Purchase Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2002A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2002A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002A
(STATE REVOLVING FUND)

No. AR-1 $293,000.00

KNOW ALL MEN BY THESE PRESENTS: That BRADLEY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Raleigh 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 TWO HUNDRED NINETY-THREE THOUSAND DOLLARS ($293,000.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2002.

This Bond is issued (i) to pay a portion of the costs of design of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions designed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended

(collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on May 8, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER REVENUE BOND, SERIES 1979 AND ITS SEWER SYSTEM REVENUE BONDS, SERIES 1995 A, SERIES 1995 B AND SERIES 1995 C, DESCRIBED IN RESOLUTIONS ADOPTED ON OCTOBER 16, 1978, AND MARCH 8, 1995, RESPECTIVELY, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNTS OF $1,522,000, $2,000,000, $1,676,000, AND $250,000, RESPECTIVELY.

THE SERIES 1979 BONDS AND THE SERIES 1995 BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWERAGE SYSTEM DESIGN NOTES, SERIES 2002B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____ __, 2002, ISSUED CONCURRENTLY IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "NOTES").

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 2002A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2002A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2002A Bonds Reserve

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

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

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

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

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

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

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

IN WITNESS WHEREOF, BRADLEY 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 _____, 2002.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002A 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: _____, 200___.

THE CITY NATIONAL BANK OF WEST VIRGINIA,
as Registrar

By: _____

Its: _____

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20__.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved. The Series 2002A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Bond Purchase 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 Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of design of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 1979 Bonds Sinking Fund (established by the Prior Resolutions);

(4) Within the Series 1979 Bonds Sinking Fund, the Series 1979 Bonds Reserve Account (established by the Prior Resolutions);

(5) Series 1995 Bonds Sinking Fund (established by the Prior Resolutions);

(6) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account (established by the Prior Resolutions); and

(7) Series 2002A Bonds Project Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2002A Bonds Sinking Fund; and

(2) Within the Series 2002A Bonds Sinking Fund, the Series 2002A Bonds Reserve Account.

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

(1) The Issuer shall first each month pay from the Revenue Fund the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the National Finance Office the amounts required by the Prior Resolutions (i) for deposit in the Series 1979 Bonds Sinking Fund for the payment of the interest on the Series 1979 Bonds; and (ii) for deposit in the Series 1995 Bonds Sinking Fund for the payment of the interest on the Series 1995 Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the National Finance Office or the Commission the amounts required by the Prior Resolutions (i) for deposit in the Series 1979 Bonds Sinking Fund for payment of the principal of the Series 1979 Bonds; (ii) for deposit in the Series 1995 Bonds Sinking Fund for the payment of the principal of the Series 1995 Bonds; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2002A Bonds, remit to the Commission for deposit in the Series 2002A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of

principal which will mature and become due on the Series 2002A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Depository Bank or the Commission the amounts required by the Prior Resolutions for deposit in (i) the Series 1979 Bonds Reserve Account; (ii) the Series 1995 Bonds Reserve Account; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2002A Bonds, if not fully funded upon issuance of the Series 2002A Bonds, remit to the Commission for deposit in the Series 2002A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002A 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 2002A Bonds Reserve Requirement.

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

Moneys in the Series 2002A Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2002A Bonds as the same shall become due. Moneys in the Series 2002A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series

2002A Bonds as the same shall come due, when other moneys in the Series 2002A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2002A Bonds Sinking Fund and the Series 2002A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due, if any, on the Series 2002A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2002A Bonds Reserve Account which result in a reduction in the balance therein below the Series 2002A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2002A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2002A Bonds Sinking Fund or the Series 2002A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2002A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2002A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2002A Bonds Sinking Fund and the Series 2002A Bonds Reserve

Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2002A Bonds Sinking Fund and the Series 2002A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2002A Bonds Sinking Fund and the Series 2002A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002A Bonds Sinking Fund, including the Series 2002A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2002A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement.

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

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

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2002A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002A Bonds, there shall first be deposited with the Commission in the Series 2002A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2002A Bonds, there shall be deposited with the Commission in the Series 2002A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2002A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2002A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2002A Bonds Project Fund and applied solely to payment of Costs of design of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2002A Bonds.

D. After completion of design of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2002A Bonds shall be used to fund the Series 2002A Bonds Reserve Account, if not funded upon issuance of the Series 2002A Bonds, in an amount not to exceed the Series 2002A Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2002A Bonds be deposited in the Series 2002A Bonds Reserve Account. Any remaining proceeds thereafter shall be used as directed by the DEP.

Section 6.02. Disbursements From the Project Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2002A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Project Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

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

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(B) 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) Each of such costs has been otherwise properly incurred; and

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

Pending such application, moneys in the Project Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2002A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2002A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2002A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002A Bonds or the interest, if any, 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 2002A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Notes. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2002A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges , with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered March 27, 2000, in Case No. 99-1194-PSD-19A, and such rates are hereby adopted.

So long as the Series 2002A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2002A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2002A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2002A Bonds, immediately be remitted to the Commission for deposit in the Series 2002A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2002A Bonds. Any balance remaining after the payment of the Series 2002A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then,

if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2002A Bonds. All obligations issued by the Issuer after the issuance of the Series 2002A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2002A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2002A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2002A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2002A Bonds pursuant to this Bond Legislation, except with the prior written consent of DEP and the Authority under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2002A Bonds.

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

So long as the Prior Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding, including, without limitation, the Prior Bonds;

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

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

The following limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Prior Bonds are no longer Outstanding, the following parity requirement shall be met:

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

(1) The Bonds then Outstanding;

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2002A 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 2002A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of designing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as it may reasonably require in connection with the design of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times.

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system that 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 Authority and the DEP, or any other original purchaser of the Series 2002A Bonds, and shall mail in each year to any Holder or Holders of the Series 2002A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2002A Bonds, and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2002A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the System and facilities at all reasonable times, and such access thereto, as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

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

Section 7.09. Rates. Prior to the issuance of the Series 2002A Bonds, 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at

least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2002A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2002A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2002A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2002A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

Section 7.11. Engineering Services. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Bond Purchase Agreement, stating, among other things, that the Project will be designed as described in the application submitted to the Authority and the DEP.

The Issuer shall employ and retain qualified operating personnel properly certified by the State to operate the System so long as the Series 2002A Bonds are outstanding.

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

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

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

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

revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

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

(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 therefore.

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion of Design; Permits and Orders. The Issuer will cause the Project to be designed as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the operation of the System, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the design of the Project and the operation of the System and all approvals for issuance of the Series 2002A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. [RESERVED]

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2002A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2002A Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms, conditions and requirements of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments

permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2002A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2002A Bonds as a condition to issuance of the Series 2002A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2002A Bonds as may be necessary in order to maintain the status of the Series 2002A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2002A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, DEP or the Council, as the case may be, from which the proceeds of the Series 2002A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, DEP or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2002A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2002A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2002A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2002A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2002A Bonds shall be on a parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the 0payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates,

rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Holders of the Series 2002A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other 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 2002A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2002A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2002A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2002A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2002A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2002A Bonds or the rate of interest, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2002A Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2002A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2002A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of

competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2002A Bonds.

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

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and at 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. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 8th day of May, 2002.

D B Stevenson Jr

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of BRADLEY PUBLIC SERVICE DISTRICT on the 8th day of May, 2002.

Dated: May 8, 2002.

[SEAL]

Dorothy J. Reeden
Secretary

EXHIBIT A

Bond Purchase Agreement included in bond transcript at Tab 3.

$293,000
BRADLEY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002A
(STATE REVOLVING FUND)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE BRADLEY PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, SERIES 2002A (STATE REVOLVING FUND); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BOND TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; MAKING PROVISIONS FOR THE PAYMENT OF THE BOND; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BOND.

WHEREAS, the Public Service Board (the "Board") of the Bradley Public Service District (the "District") has duly and officially adopted a Bond Resolution on May 8, 2002 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE DESIGN OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BRADLEY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $293,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2002A (STATE REVOLVING FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of the Bradley Public Service District, Sewer Revenue Bond, Series 2002A (State Revolving Fund) (the "Bond"), in the aggregate principal amount of $293,000, and has authorized the execution and delivery of a

Bond Purchase Agreement by and among the District, the West Virginia Water Development (the "Authority"), and the West Virginia Department of Environmental Protection ("DEP") relating to the Bond (the "Bond Purchase Agreement"), including all schedules and exhibits attached thereto, all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act");

WHEREAS, the Resolution provided that the exact principal amount, date, maturity date, interest rate, interest and principal payment dates, sale price and other terms of the Bond should be established by a supplemental resolution pertaining to the Bond; and other matters relating to the Bond be herein provided for;

WHEREAS, the Bond Purchase Agreement has been presented to the District at this meeting;

WHEREAS, the Bond is proposed to be purchased by the Authority pursuant to the Bond Purchase Agreement;

WHEREAS, the Board deems it essential and desirable that this Supplemental Resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase Agreement be approved and ratified by the District, and that the exact principal amount, the date, the maturity date, the interest rate, the interest and principal payment dates, the sales price and other terms of the Bond be fixed hereby in the manner stated herein, and that other matters relating to the Bond be herein provided for; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE BRADLEY PUBLIC SERVICE DISTRICT AS FOLLOWS:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Bradley Public Service District, Sewer Revenue Bond, Series 2002A (State Revolving Fund), originally represented by one bond, numbered AR-1, in the principal amount of $293,000. The Bond shall be dated the date of delivery thereof, shall finally mature March 1, 2033, and shall bear no interest. The principal on the Bond is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2003, in the amounts as set forth in the Schedule Y attached to the Bond Purchase Agreement and incorporated in and made a part of the Bond. The Bond shall be subject to redemption upon the written consent of the DEP and the Authority, upon payment of the redemption premium, if any, and upon continued compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Bond. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Bond set forth in Schedule Y attached to the Bond Purchase Agreement.

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

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

Section 4. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission to serve as Paying Agent for the Bonds, and The City National Bank of West Virginia to serve as Registrar and Depository Bank.

Section 5. The proceeds of the Bond, as advanced from time to time, shall be deposited in or credited to the Series 2002 A Bond Project Fund, as received from time to time for payment of Costs of the Project, including costs of issuance of the Bond. The Issuer hereby approves the use of its own funds in the amount of $23,000 for the Project.

Section 6. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bond hereby and by the Resolution approved and provided for, to the end that the Bond may be delivered on or about June 25, 2002, to the Authority pursuant to the Bond Purchase Agreement.

Section 7. The financing of the Project in part with proceeds of the Bond is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 8. The District hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the District hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such money market accounts until further directed in writing by the District. Moneys in the Series 2002 Bond Sinking Fund and the Series 2002 Bond Reserve Account shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 9. The District hereby approves and accepts all contracts relating to the financing and design of the Project. The District hereby approves the costs of issuance and authorizes the payment of the same.

Section 10. This Supplemental Resolution shall be effective immediately following adoption hereof.

Dated: June 12, 2002

BRADLEY PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Chairman, Public Service Board

_____
Secretary, Public Service Board

CERTIFICATION

Certified as a true copy of the Supplemental Resolution adopted by the Public Service Board of the Bradley Public Service District on June 12, 2002.

Dated: June 25, 2002.

_____
Secretary, Public Service Board

[SEAL]

BRADLEY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN NOTES, SERIES 2002B
(WEST VIRGINIA INFRASTRUCTURE FUND)

NOTES RESOLUTION

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BRADLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE DESIGN OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF BRADLEY PUBLIC SERVICE DISTRICT AND THE RETAINING OF ENGINEERING SERVICES FOR SUCH DESIGN AND THE TEMPORARY FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN NOTES, SERIES 2002B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH NOTES; APPROVING A LOAN AGREEMENT RELATING TO SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF BRADLEY PUBLIC SERVICE DISTRICT:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01 Definitions. The following terms shall have the following meanings in this Resolution unless the context expressly requires otherwise.

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

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

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

"Authorized Officer" means the Chairperson of the Governing Body of the Issuer or any other officer or person of the Issuer specifically designated by resolution of the Governing Body of the Issuer.

"Board" or "Governing Body" means the public service board of the Issuer or any successor thereto.

"Bonds" shall have the meaning described in Section 1.03E hereof.

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

"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 Ghosh Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time now or hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

"Contract" means the contract for preconstruction engineering services for the Project by and between the Issuer and the Consulting Engineers.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

"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 or 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.

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided that, "Gross Revenues" shall 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).

"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 such System in the normal operation of its business and affairs.

"Issuer" means Bradley Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Raleigh County, West Virginia, and, unless the context clearly indicates otherwise, includes the Board and any successor thereto.

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

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

"Noteholder" or "Holder of the Notes" or "Holder" or "Registered Owner" or any similar term means any person who shall be the registered owner of any Outstanding Note or Notes.

"Notes" means the Sewerage System Design Notes, Series 2002B (West Virginia Infrastructure Fund), originally authorized hereby.

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

"Notes Project Fund" means the Notes Project Fund established by Section 4.01 hereof.

"Notes Payment Fund" means the Notes Payment Fund established by Section 4.02 hereof.

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

"Outstanding," when used with reference to Notes and as of any particular date, describes all Notes theretofore and thereupon being authenticated and delivered, except (a) any Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); and (b) any Note deemed to have been paid as provided in Article VI hereof.

"Paying Agent" means the Commission or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Project" means the Project described in Section 1.03A hereof.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Secretary" means the Secretary of the Issuer.

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues, if any, not required by any prior bond or notes resolution to be set aside and held for the payment of or security for any outstanding bonds or notes of the Issuer, including any sinking funds, reserve accounts and renewal and replacement funds.

"System" means the complete public service properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

Words importing singular number include the plural number in each case and vice versa; words importing the masculine gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution, together with any resolution supplemental hereto or amendatory hereof, is adopted pursuant to the provisions of the Act and other applicable provisions of the law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be designed certain improvements and extensions to the existing public sewer facilities of the Issuer, consisting of a sanitary sewer wastewater collection system, together with all appurtenant facilities (the "Project"). The existing public sewer facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System".

B. In order to design the Project, the Issuer has entered into the Contract with the Consulting Engineers for preconstruction engineering services for a total fee of not to exceed $506,000.

C. It is deemed necessary for the Issuer to issue its Notes, in an aggregate principal amount of not more than $200,000, to temporarily finance a portion of the costs of design of the Project and the costs of issuance of the Notes and related costs.

D. It is in the best interests of the Issuer that its Notes be sold to the Authority pursuant to the terms and provisions of the Loan Agreement.

E. There are outstanding obligations of the Issuer which will rank senior and prior to the Notes as to liens, pledge and source of and security for payment, being the Sewer Revenue Bond, Series 1979, dated December 17, 1979, issued in the original principal amount of $1,522,000 (the "Series 1979 Bonds"), the Sewer System Revenue Bonds, Series 1995 A, 1995 B and 1995 C, dated March 16, 1995, issued in the original principal amounts of $2,000,000, $1,676,000 and $250,000, respectively (the "Series 1995 Bonds") and the Sewer Revenue Bonds, Series 2002A (State Revolving Fund), issued concurrently herewith in the original principal amount of $293,000 (the "Series 2002A Bonds") (collectively, the "Bonds"). The Notes shall be issued junior and subordinate to the Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Notes shall be payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes; and (3) Surplus Revenues, if any. The Issuer has no obligations outstanding which are payable from any source from which the Notes are payable.

In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received by the Issuer for the System or no revenue bonds, refunding bonds or other obligations of the

Issuer are issued by the maturity date of the Notes or no Surplus Revenues are available to amortize the Notes over a 20-year period, the payment of the Notes shall be deferred until the earlier of (i) the date any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System, (ii) the date any revenue bonds, refunding bonds or other obligations of the Issuer are issued, or (iii) 20 years from the date of issuance of the Notes. In the event any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or any revenue bonds, refunding bonds or other obligations of the Issuer are issued, the Issuer shall pay the entire outstanding principal of, accrued interest, if any, and the Administrative Fee on the Notes from the proceeds thereof. In the event the Issuer receives a grant (other than a grant from the West Virginia Infrastructure Fund) or other non-loan funding assistance for the acquisition and construction of a project to serve the area described in the application to the Council, which grant or other non-loan funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the Net Revenues generated from the project constructed from such grant or other non-loan funding assistance (or from bond proceeds secured by such Net Revenues) and such repayment shall be amortized for a period not to exceed 20 years, provided that, the holders of any outstanding bonds secured by Net Revenues of the System shall consent to the payment of the Notes from Net Revenues generated from such project. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued or no project has been acquired or constructed by the Issuer within 20 years from the date of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

F. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to the authorization of the design of the Project, the Contract and the issuance of the Notes, or will have so complied prior to issuance of the Notes, including the obtaining of approval of the design of the Project, the Contract and the issuance of the Notes 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 Notes or such final order will not be subject to appeal or rehearing.

G. Pursuant to the Act, the design of the Project has been approved by the Council and the Council has authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

Section 1.04. Notes Legislation Constitutes Contract. In consideration of the acceptance of the Notes by those who shall be Registered Owners of the same from time to time, this Notes Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owners of the Notes.

ARTICLE II

AUTHORIZATION OF THE DESIGN OF THE PROJECT AND APPROVAL OF THE LOAN AGREEMENT

Section 2.01. Authorization of the Design of the Project. There is hereby authorized and ordered the design of the Project, at an estimated cost of not to exceed $516,000; costs of the Project will be paid as follows: $200,000 will be paid from proceeds of the Notes, $23,000 will be paid by the Issuer and $293,000 will be paid from the proceeds of the Series 2002A Bond. The Issuer is hereby authorized and directed to enter into the Contract with the Consulting Engineer, in an amount and otherwise compatible with the financing plan submitted to the Council.

Section 2.02. Approval of Loan Agreement. The Issuer hereby approves the Loan Agreement and the sale of the Notes pursuant to the Loan Agreement. The Issuer is hereby authorized and directed to execute and deliver the Loan Agreement to the Authority. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement.

ARTICLE III

THE NOTES

Section 3.01. Authorization of the Notes. For the purposes of temporarily financing a portion of the costs of design of the Project and paying the costs of issuance of the Notes and related costs, there shall be and hereby are authorized to be issued the Sewerage System Design Notes, Series 2002B (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount of not more than $200,000.

Section 3.02. Terms of Notes. The Notes shall be issued in fully registered form and shall be initially issued as one Note, numbered R-1, in the principal amount of not to exceed $200,000. The Notes shall be dated such date, shall bear interest, if any, at such rate or rates, not exceeding the then legally permissible limit on such date or dates; shall be subject to an Administrative Fee as set forth in the Loan Agreement; shall mature on such date or dates and in such amounts; and shall be subject to such repayment or redemption; all as provided in the Supplemental Resolution or in the Notes.

The aggregate principal amount of the Notes need not be paid to the Issuer upon delivery of the Notes but may be advanced to the Issuer as requested by the Issuer from time to time; and the Notes shall evidence only the indebtedness recorded on the Record of Advances attached thereto and incorporated therein. Interest, if any, shall accrue on the Notes only on the amount of each advance from the actual date thereof as listed on said Record of Advances.

The Notes shall be payable as to principal and interest, if any, at the principal office of the Paying Agent in any coin or currency which, on the dates of payment, is legal tender for the payment of public and private debts under the laws of the United States of America.

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

No Note shall be valid or entitled to any security or benefit under this Resolution unless and until the certificate of authentication and registration on such Note shall have been duly manually executed by the Registrar, and such executed certificate of the Registrar upon any such Note shall be conclusive evidence that such Note has been authenticated, registered and delivered under this Notes Legislation. The certificate of authentication and registration shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Notes issued hereunder.

Section 3.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Notes shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Notes, shall be conclusively deemed to have agreed that said Notes 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 Notes shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Notes remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Notes. The Notes shall be transferrable only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar by request of the registered owner thereof in person or by his attorney duly authorized in writing, and upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of a Note, there shall be issued to the transferee another fully registered Note or Notes of the aggregate principal amount equal to the unpaid amount of the transferred Note.

In all cases in which the privilege of transferring Notes is exercised, Notes shall be delivered in accordance with the provisions of this Resolution. All Notes surrendered in any such transfers shall forthwith be canceled by the Registrar. For every such transfer of Notes, the 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 transfer and the cost of preparing each new Note upon each transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer (except for the Authority) as a condition precedent to the

exercise of the privilege of making such transfer. The Registrar shall not be obliged to make any such transfer of Notes during the 15 days preceding an interest payment date on the Notes or after notice of any prepayment of the Notes has been given.

Section 3.05. Notes Mutilated, Destroyed, Stolen or Lost. In case any Note shall become mutilated or be destroyed, stolen or lost, the Issuer, may in its discretion, issue and deliver a new Note in exchange and substitution for such mutilated Note upon surrender and cancellation of such mutilated Notes or in lieu of and substitution for the Note destroyed, stolen or lost and upon the Holder's furnishing the Issuer proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Council may prescribe and paying such expenses as the Issuer may incur. All Notes so surrendered shall be submitted to and canceled by the Registrar and held for the account of the Issuer. If such Note shall have matured or be about to mature, instead of issuing a substitute Note, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Form of Notes. The text of the Notes shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution or any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF NOTE)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BRADLEY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN NOTE, SERIES 2002B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $200,000.00

KNOW ALL MEN BY THESE PRESENTS: That BRADLEY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Raleigh County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, on the ___ day of _____, 20___, the principal sum of TWO HUNDRED THOUSAND DOLLARS ($200,000.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances attached hereto and incorporated herein by reference as a part hereof. The Administrative Fee (as defined in the hereinafter described Notes Legislation) shall be payable in the amounts and on the dates as set forth in the Loan Agreement (as hereinafter defined). This Note shall bear no interest.

The principal of this Note and the Administrative Fee are payable in any coin or currency which on the date of payment thereof 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 Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated _____, 200__, by and between the Issuer and the Authority, on behalf of the Council.

This Note is issued (i) to temporarily finance a portion of the costs of design of certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"), and (ii) to pay the costs of issuance of this Note and related costs. The existing public sewer facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System". This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Notes Resolution duly adopted by the Issuer on May 8, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

THIS NOTE IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (1) SEWER REVENUE BOND, SERIES 1979, (2) SEWER SYSTEM REVENUE BONDS, SERIES 1995 A, SERIES 1995 B AND SERIES 1995 C, AND (3) SEWER REVENUE BONDS, SERIES 2002A (STATE REVOLVING FUND), DESCRIBED IN RESOLUTIONS ADOPTED ON OCTOBER 16, 1978, MARCH 8, 1995, AND MAY 8, 2002, RESPECTIVELY, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNTS OF $1,522,000, $2,000,000, $1,676,000, $250,000, AND $293,000 RESPECTIVELY (COLLECTIVELY, THE "BONDS").

This Note is payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of this Note; and (3) Surplus Revenues (as defined in the Notes Legislation), if any. The moneys from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of this Note.

In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received by the Issuer for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued by the maturity date of the Notes or no Surplus Revenues are available to amortize the Notes over a 20-year period, the payment of the Notes shall be deferred until the earlier of (i) the date any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System, (ii) the date any revenue bonds, refunding bonds or other obligations of the Issuer are issued, or (iii) 20 years from the date of issuance of the Notes. In the event any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or any revenue bonds, refunding bonds or other obligations of the Issuer are issued, the Issuer shall pay the entire outstanding principal of, accrued interest, if any, and the Administrative Fee on the Notes from the proceeds thereof. In the event the Issuer receives a grant (other than a grant from the West Virginia Infrastructure Fund) or other non-loan funding assistance for the acquisition and construction of a project to serve the area described in the application to the Council, which grant or other non-loan funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the Net Revenues generated from the project constructed from such grant or other non-loan funding assistance (or from bond proceeds secured by such Net Revenues) and such repayment shall be amortized for a period not to exceed 20 years, provided that, the holders of any outstanding bonds secured by Net Revenues of the System shall consent to the payment of the Notes from Net Revenues generated from such project. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued or no project has been acquired or constructed by the Issuer within 20 years from the date of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

This Note does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Notes Legislation. Remedies provided the Authority are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of the Registrar (as defined in the Notes Legislation), to be made at the request of the registered owner hereof in person or by his attorney, duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of design of the Project and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Note.

Under the Act, this Note is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the Notes, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, BRADLEY PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated _____, 2002.

[SEAL]

_____
Chairman

Attest:

Dorothy J. Redden
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____, 2002.

THE CITY NATIONAL BANK OF WEST VIRGINIA,
as Registrar

By: _____

Its: _____

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

_____

IN THE PRESENCE OF:

_____

Section 3.07. Sale of Notes. The Notes shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement.

Section 3.08. Advances of Principal of Notes. The Issuer shall request the Council for the proceeds of the Notes as needed to pay the costs of design of the Project and the costs of issuance of the Notes and related costs, and such proceeds shall be paid to the Issuer or its designated payee only upon resolution of the Governing Body and only to pay the costs authorized by this Notes Legislation. After payment of all such costs, any remaining Notes proceeds which have been advanced to the Issuer shall be transferred to the Notes Payment Fund and applied to the payment of the Notes, or if no Notes are then Outstanding, may be used by the Issuer for costs of the Project. Upon completion of the design of the Project, the Issuer will file with the Authority and the Council, a schedule, the form of which will be provided by the Council, setting forth the actual costs of the design of the Project and sources of funds therefor.

Section 3.09. Pledge of Security for the Notes. The Notes shall be payable only from and secured by a first lien on (1) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) received by the Issuer for the System; (2) the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes; and (3) Surplus Revenues, if any, all of which are hereby pledged for such payment. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received by the Issuer for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued by the maturity date of the Notes or no Surplus Revenues are available to amortize the Notes over a 20-year period, the payment of the Notes shall be deferred until the earlier of (i) the date any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System, (ii) the date any revenue bonds, refunding bonds or other obligations of the Issuer are issued, or (iii) 20 years from the date of issuance of the Notes. In the event any grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or any revenue bonds, refunding bonds or other obligations of the Issuer are issued, the Issuer shall pay the entire outstanding principal of, accrued interest, if any, and Administrative Fee on the Notes from the proceeds thereof. In the event the Issuer receives a grant (other than a grant from the West Virginia Infrastructure Fund) or other non-loan funding assistance for the acquisition and construction of a project to serve the area described in the application to the Council, which grant or other non-loan funding assistance may not be used to pay the Notes, then the Notes shall be repaid from the Net Revenues generated from the project constructed from such grant or other non-loan funding assistance (or from bond proceeds secured by such Net Revenues) and such repayment shall be amortized for a period not to exceed 20 years, provided that, the holders of any outstanding bonds secured by Net Revenues of the System shall consent to the payment of the Notes from Net Revenues generated from such project. In the event no grants (other than grants from the West Virginia Infrastructure Fund) are received for the System or no revenue bonds, refunding bonds or other obligations of the Issuer are issued or no project has been acquired or constructed by the Issuer within 20 years from the date of issuance of the Notes, the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes.

Section 3.10. Payment of Notes Prior to Sale of System. So long as the Notes are outstanding, neither the System, nor any part thereof, shall be sold, transferred or otherwise conveyed,

be subject to an operation and maintenance agreement or similar contract, unless the entire outstanding principal of, accrued interest, if any, and the Administrative Fee on the Notes have been paid in full prior to such sale, transfer or other conveyance, or execution of any such operation and maintenance agreement or similar contract.

Section 3.11. Notes Not to be Indebtedness of Issuer. The Notes shall be special obligations of the Issuer, payable solely from the sources described above. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, 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 pledged therefor by this Resolution.

Section 3.12. Refunding of Notes. In the event proceeds of the grants (other than grants from the West Virginia Infrastructure Fund) for the System, proceeds of revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes, and/or Surplus Revenues, are not sufficient or available on a timely basis to pay the Notes in full by the maturity date of the Notes, the Issuer covenants and agrees to issue and sell its refunding notes or bonds in an amount sufficient to pay the entire outstanding principal of, accrued interest, if any, and the Administrative Fee on the Notes.

Section 3.13. Prohibition of Other Loans. So long as the Notes are outstanding, no bonds, notes or other evidences of indebtedness shall be issued by the Issuer without the prior written consent of the Authority and the Council; provided however, that the Issuer may issue refunding notes or bonds to pay the entire outstanding principal of, accrued interest, if any, and the Administrative Fee on the Notes in full.

Section 3.14. Covenants with Holders of Notes. In order to secure the payment of the Notes, the Issuer hereby covenants and agrees with the Holders of the Notes, as follows:

(A) The Issuer will promptly seek permanent financing for the acquisition and construction of the Project and will do all things necessary to effectuate such financing and apply the proceeds from such financing to pay the entire outstanding principal of, accrued interest, if any, and the Administrative Fee on the Notes, in full as soon as such permanent financing is secured.

(B) The Issuer will not make or cause or permit to be made any application of the proceeds of the Notes except in accordance with the provisions of Section 4.01 hereof, or of any moneys held in the Notes Payment Fund except in accordance with the provisions of Section 4.02 hereof.

(C) The Issuer will comply in all respects with the terms and provisions of any grant agreements applicable to the System and with all applicable State and federal laws and regulations governing the implementation of such grant agreements.

(D) The Issuer will, in the event proceeds of the grants for the System and/or proceeds of revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Notes, are not sufficient or available to pay the Notes in full by the maturity date of the Notes, issue and sell its refunding notes or bonds and apply the proceeds of its refunding notes or bonds to the payment of the Notes in accordance with the provisions of Section 3.12 hereof.

(E) The Issuer will comply with all the terms and conditions of the Loan Agreement.

Section 3.15. Required Notices to Holders of Notes. The Issuer will provide the Authority and the Council, prompt written notice, appropriately documented, of any of the following events:

(A) If the Issuer is unable or unsuccessful in obtaining permanent financing for the acquisition and construction of the Project;

(B) Any suspension, termination or modification of any grant;

(C) The authorization by the Issuer of any additional indebtedness related to the System; and

(D) Any activity that would stop the work schedule of the Contract.

ARTICLE IV

FUNDS AND ACCOUNTS; APPLICATION OF NOTES PROCEEDS

Section 4.01. Establishment of Notes Project Fund; Application of Notes Proceeds. There is hereby created and established with the Depository Bank, to be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from all other funds or accounts of the Issuer, the Notes Project Fund. The moneys derived from the sale of the Notes shall be deposited with the Depository Bank in the Notes Project Fund and applied solely to the payment of the costs of the design of the Project and the costs of issuance and related costs, and until so expended, are hereby pledged as additional security for the Notes.

Section 4.02. Establishment of Notes Payment Fund. There is hereby created and established with the Commission, to be held by the Commission separate and apart from all other funds or accounts of the Commission and from all other funds or accounts of the Issuer, the Notes Payment Fund. Upon receipt of proceeds of any grant for the System, an amount of the proceeds of such grant sufficient to pay the entire outstanding principal of, interest, if any, accrued on the Notes and the Administrative Fee in full shall be deposited in the Notes Payment Fund. In the event

proceeds of such grant are not sufficient to pay the Notes in full, then all proceeds of such grant shall be deposited in the Notes Payment Fund to pay a portion of the Notes. Upon the issuance of the revenue bonds, refunding bonds or other obligations of the Issuer, an amount of the proceeds of such revenue bonds, refunding bonds or other obligations of the Issuer sufficient to pay the entire outstanding principal of, interest, if any, accrued on the Notes and the Administrative Fee in full shall be deposited in the Notes Payment Fund. All moneys deposited in the Notes Payment Fund shall be immediately paid by the Commission to the Authority in full payment of the entire outstanding principal of, interest, if any, accrued on the Notes and the Administrative Fee and then shall be paid by the Commission to the Paying Agent for charges, if any, for services rendered. Until payment in full of the entire outstanding principal of, interest, if any, accrued on the Notes and the Administrative Fee, all moneys deposited in the Notes Payment Fund shall be held in trust for the Authority, and the Issuer shall have no rights with respect thereto except to receive the balance therein after payment of the Notes in full and the charges, if any, of the Paying Agent.

Any moneys remaining in the Notes Payment Fund, after the payment of the Notes in full and all charges of the Paying Agent, shall be returned to the Issuer to be used for any lawful purpose of the System.

Section 4.03. Investment of Funds. Pending application as provided above, any moneys held in the Notes Project Fund and the Notes Payment Fund shall be invested and reinvested by the Depository Bank and the Commission at the direction of the Issuer to the fullest extent possible under applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof.

The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Notes as a condition to issuance of the Notes. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Notes as may be necessary in order to maintain the status of the Notes as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Notes which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Notes are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

ARTICLE V

DEFAULT AND REMEDIES

Section 5.01. Events of Default. Each of the following events shall constitute and "Event of Default" with respect to the Notes:

(A) If default occurs in the due and punctual payment of the principal of or interest, if any, and the Administrative Fee on any Note;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes in this Resolution, any Supplemental Resolution, or in the Notes, as the case may be, contained, 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, any other bank or banking association holding any fund or account hereunder or a Holder of the Notes;

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

(D) If default occurs with respect to the Bonds or the resolutions authorizing the Bonds.

Section 5.02. Remedies. Upon the happening and continuance of any Event of Default, any Holder of a Note 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 the Holders of the Notes including the right to require the Issuer to perform its duties under the Act and the Notes Legislation relating thereto, (iii) bring suit upon the Notes, (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 Holders of the Notes, and (v) by action or bill in equity enjoin any acts in violation of the Notes Legislation with respect to the Notes, or the rights of the Holders of the Notes; provided that, all rights and remedies of the Holders of the Notes shall be junior and subordinate to the Holders of the Bonds.

ARTICLE VI

[RESERVED]

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendment or Modification of Resolution. Prior to issuance of the Notes, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Notes, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Noteholders shall be made without the consent in writing of the Holders of the Notes then Outstanding; provided, that no change shall be made in the maturity of any Note or Notes or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise

of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Holder thereof.

Section 7.02. Resolution Constitutes Contract. The provisions of the Resolution shall constitute a contract between the Issuer and the Holder of the Notes, and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 7.03. 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 or the Notes.

Section 7.04. 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 7.05. Conflicting Provisions Repealed. All resolutions, indentures or orders, or parts thereof, in conflict with the provision of this Resolution are, to the extent of such conflict, hereby repealed.

Section 7.06. 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 and passage 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 Chairperson, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.07. Effective Date. This Resolution shall take effect immediately upon adoption thereof.

Adopted this 8th day of May, 2002.

D B Stevenson, Jr.
Chairman

Dorothy J. Redden
Member

Raymon Sweeney
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of BRADLEY PUBLIC SERVICE DISTRICT on the 8th day of May, 2002.

Dated: May 8, 2002.

[SEAL]

Dorothy J. Redden
Secretary

$200,000
BRADLEY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN NOTE, SERIES 2002B
(WEST VIRGINIA INFRASTRUCTURE FUND)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE BRADLEY PUBLIC SERVICE DISTRICT SEWERAGE SYSTEM DESIGN NOTE, SERIES 2002B (WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH NOTE TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; MAKING PROVISIONS FOR THE PAYMENT OF THE NOTE; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE NOTE.

WHEREAS, the Public Service Board (the "Board") of the Bradley Public Service District (the "District") has duly and officially adopted a Note Resolution on May 8, 2002 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE DESIGN OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWER FACILITIES OF BRADLEY PUBLIC SERVICE DISTRICT AND THE RETAINING OF ENGINEERING SERVICES FOR SUCH DESIGN AND THE TEMPORARY FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN NOTES, SERIES 2002B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH NOTES; APPROVING A LOAN AGREEMENT RELATING TO SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of the Bradley Public Service District, Sewerage System Design Note, Series 2002B (West Virginia Infrastructure Fund) (the "Note"), in the aggregate principal amount of $200,000, and has authorized the

execution and delivery of a Loan Agreement by and between the District and the West Virginia Water Development (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), relating to the Note (the "Loan Agreement"), including all schedules and exhibits attached thereto, all in accordance with Chapter 16, Article 13A and Chapter 31A, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act");

WHEREAS, the Resolution provided that the exact principal amount, date, maturity date, principal payment dates, sale price and other terms of the Note should be established by a supplemental resolution pertaining to the Note; and other matters relating to the Note be herein provided for;

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

WHEREAS, the Note is proposed to be purchased by the Authority pursuant to the Loan Agreement;

WHEREAS, the Board deems it essential and desirable that this Supplemental Resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the District, and that the exact principal amount, the date, the maturity date, the principal payment dates, the sale price and other terms of the Note be fixed hereby in the manner stated herein, and that other matters relating to the Note be herein provided for; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE BRADLEY PUBLIC SERVICE DISTRICT AS FOLLOWS:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Bradley Public Service District, Sewerage System Design Note, Series 2002B (West Virginia Infrastructure Fund), originally represented by one note, numbered BR-1, in the principal amount of $200,000. The Note shall be dated the date of delivery thereof, shall be repaid as part of the permanent financing for the Project, and shall bear no interest. Unless earlier paid, the entire outstanding principal shall be paid on June 1, 2007, as set forth in the Note and the Schedule Y attached to the Loan Agreement. The Note shall be subject to redemption upon the written consent of the Authority and the Council, upon payment of the redemption premium, if any, and upon continued compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Note. The Issuer does hereby approve and shall pay the Administrative Fee equal to 3% of the principal amount of the Note set forth in Schedule Y attached to the Loan Agreement.

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

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

Section 4. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission to serve as Paying Agent for the Note, and The City National Bank of West Virginia to serve as Registrar and Depository Bank.

Section 5. The proceeds of the Note, as advanced from time to time, shall be deposited in or credited to the Note Project Fund, as received from time to time for payment of Costs of the Project, including costs of issuance of the Note. The Issuer hereby approves the use of its own funds in the amount of $23,000 for the Project.

Section 6. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Note hereby and by the Resolution approved and provided for, to the end that the Note may be delivered on or about June 25, 2002, to the Authority pursuant to the Loan Agreement.

Section 7. The financing of the Project in part with proceeds of the Note is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 8. The District hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the District hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such money market accounts until further directed in writing by the District. Moneys in the Series 2002 Bond Sinking Fund and the Series 2002 Bond Reserve Account shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 9. The District hereby approves and accepts all contracts relating to the financing and design of the Project. The District hereby approves the costs of issuance and authorizes the payment of the same.

Section 10. This Supplemental Resolution shall be effective immediately following adoption hereof.

Dated: June 12, 2002

BRADLEY PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Chairman, Public Service Board

_____
Secretary, Public Service Board

CERTIFICATION

Certified as a true copy of the Supplemental Resolution adopted by the Public Service Board of the Bradley Public Service District on June 12, 2002.

Dated: June 25, 2002.

_____
Secretary, Public Service Board

[SEAL]