

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

SEWERAGE SYSTEM REVENUE BONDS SERIES A AND SERIES B

MINUTES ON ADOPTION OF THE SECOND
SUPPLEMENTAL RESOLUTION

I, LAWRENCE HOFFMANN, III, Secretary of the Public Service Board of Central Boaz Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Central Boaz Public Service District met in special session, pursuant to notice duly given, on the 16th day of May, 1988, at Parkersburg, West Virginia, at the hour of 4:30 o'clock, p.m.

PRESENT: James Russell Smith
Lawrence Hoffmann, III
James L. Duvall, Jr.

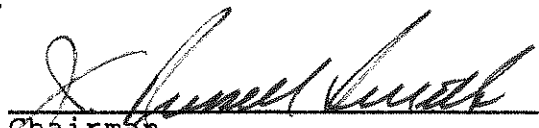
Mr. Smith, Chairman, presided and Mr. Hoffmann acted as Secretary.

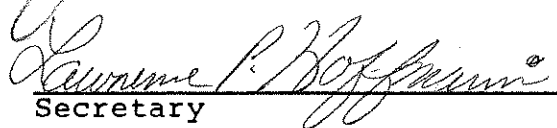
The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Thereupon, the Chairman presented a proposed Second Supplemental Resolution to the Bond Resolution adopted November 19, 1987, in writing as entitled:

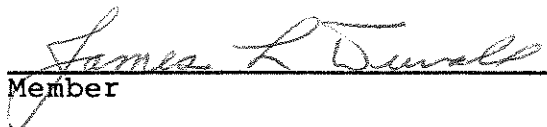
SECOND SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, PRINCIPAL REPAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM REVENUE BONDS SERIES A AND SERIES B, OF CENTRAL BOAZ PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS RELATING TO THE SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B.

and caused the same to be read and there was discussion. Thereupon, on motion of Mr. Duvall, seconded by Mr. Smith, it was unanimously ordered that the said Second Supplemental Resolution be adopted and be in full force on and from the date hereof.

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

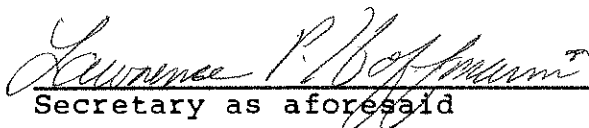

Chairman


Secretary


Member

I further hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 16th day of May, 1988.


Secretary as aforesaid

2974E

CENTRAL BOAZ PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS
SERIES A AND SERIES B AND
BOND ANTICIPATION NOTE

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, PRINCIPAL REPAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM REVENUE BONDS SERIES A AND SERIES B, OF CENTRAL BOAZ PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS RELATING TO THE SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B.

WHEREAS, the public service board (the "Board") of Central Boaz Public Service District (the "District"), has duly and officially adopted a bond and notes resolution, effective November 19, 1987 (the "Resolution"), entitled:

A RESOLUTION AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF CERTAIN PUBLIC SERVICE PROPERTIES FOR THE COLLECTION, TREATMENT, PURIFICATION AND DISPOSAL OF LIQUID OR SOLID WASTES, SEWAGE AND INDUSTRIAL WASTES IN THE CENTRAL BOAZ PUBLIC SERVICE DISTRICT, WOOD COUNTY, WEST VIRGINIA, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE CENTRAL BOAZ PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$940,346 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B; AUTHORIZING THE ISSUANCE BY THE CENTRAL BOAZ PUBLIC SERVICE DISTRICT OF NOT MORE THAN \$940,346 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES; AUTHORIZING THE FINANCING OF CERTAIN COSTS OF SUCH CONSTRUCTION AND ACQUISITION, PENDING RECEIPT OF CERTAIN GRANT

PROCEEDS, THROUGH THE ISSUANCE AND EXECUTION BY THE CENTRAL BOAZ PUBLIC SERVICE DISTRICT OF A CREDIT LINE NOTE OF \$1,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH SEWERAGE SYSTEM REVENUE BONDS, SUCH SEWERAGE SYSTEM BOND ANTICIPATION NOTES AND SUCH SEWERAGE SYSTEM CREDIT LINE NOTE; AUTHORIZING THE SALE OF SUCH SEWERAGE SYSTEM REVENUE BONDS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY BY RESPECTIVE SUPPLEMENTAL RESOLUTIONS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, THE Board of the District has duly and officially adopted a supplemental bond and note resolution, effective November 20, 1987 (the "First Supplemental Resolution") entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, PRINCIPAL PREPAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM REVENUE BOND ANTICIPATION NOTE OF CENTRAL BOAZ PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LETTER AGREEMENT RELATING THERETO AND THE SALE AND DELIVERY OF THE BOND ANTICIPATION NOTE TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING BANK INTERIM CREDIT AGREEMENT IN AN AMOUNT NOT TO EXCEED \$1,000,000; APPROVING AND ADOPTING THE RATES AND CHARGES AS ESTABLISHED BY THE WEST VIRGINIA PUBLIC SERVICE COMMISSION IN THE ORDER GRANTING THE DISTRICT A CERTIFICATE OF CONVENIENCE AND NECESSITY; AND MAKING OTHER PROVISIONS AS TO THE BOND ANTICIPATION NOTE.

WHEREAS, the Resolution provides for the issuance of the Sewerage System Bonds Series A and Series B of the District (the "Bonds"), in a principal amount not to exceed \$940,396 approved and ratified Loan Agreement and Supplemental Loan Agreement relating to such Bonds; and in the Resolution it is provided that the exact principal amount, maturity date, interest rate, interest and principal prepayment schedule, sale price and other terms of the Bonds may be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the

Bonds and to the Project be herein provided for;

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

WHEREAS, the Board deems it essential and desirable that this second supplemental resolution (the "Second Supplemental Resolution") be adopted and that the exact principal amount, the price, the maturity date, the redemption provision, the interest rate and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds and to the Project be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF CENTRAL BOAZ PUBLIC SERVICE DISTRICT:

Section 1. The following term has the following meaning in this Second Supplemental Resolution unless the context expressly requires otherwise:

"Cost(s) of the Project" or similar phrases mean those costs described in Section 1.03F of the Resolution to be part of the costs of construction and acquisition of the Project, except that such costs shall be deemed to include the payment of principal on the BAN.

Section 2. Pursuant to the Resolution and the Act, this Second Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued:

a. The Series A Bond designated R-1 shall be issued in the form of a single bond in typewritten form fully registered to the West Virginia Water Development Authority, in the denomination of \$692,181.00, with interest thereon at the rate of 9.0% per annum payable semi-annually on October 1 and April 1, first interest payable on October 1, 1988, representing the aggregate principal amount of the Series A Bond issue and shall mature in principal installment on October 1 of each year as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
1989	2,449.00	9.0%
1990	2,669.00	9.0%
1991	2,910.00	9.0%
1992	3,172.00	9.0%
1993	3,457.00	9.0%
1994	3,768.00	9.0%

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
1995	4,107.00	9.0%
1996	4,477.00	9.0%
1997	4,880.00	9.0%
1998	5,319.00	9.0%
1999	5,798.00	9.0%
2000	6,320.00	9.0%
2001	6,888.00	9.0%
2002	7,508.00	9.0%
2003	8,184.00	9.0%
2004	8,921.00	9.0%
2005	9,723.00	9.0%
2006	10,599.00	9.0%
2007	11,553.00	9.0%
2008	12,592.00	9.0%
2009	13,726.00	9.0%
2010	14,961.00	9.0%
2011	16,307.00	9.0%
2012	17,775.00	9.0%
2013	19,375.00	9.0%
2014	21,119.00	9.0%
2015	23,019.00	9.0%
2016	25,091.00	9.0%
2017	27,349.00	9.0%
2018	29,811.00	9.0%
2019	32,494.00	9.0%
2020	35,418.00	9.0%
2021	38,606.00	9.0%
2022	42,080.00	9.0%
2023	45,867.00	9.0%
2024	49,995.00	9.0%
2025	54,495.00	9.0%
2026	59,399.00	9.0%

b. The Series B Bond designated R-1 shall be issued in the form of single Bond in typewritten form, fully registered to the West Virginia Water Development Authority, in the denomination of \$248,215.00, without interest, representing the aggregate principal amount of the Series B Bond issue, and shall mature in principal installments on October 1, of each year after date as follows:

<u>Year</u>	<u>Installment</u>
1989	6,531.97
1990	6,531.97
1991	6,531.97
1992	6,531.97

<u>Year</u>	<u>Installment</u>
1993	6,531.97
1994	6,531.97
1995	6,531.97
1996	6,531.97
1997	6,531.97
1998	6,531.97
1999	6,531.97
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2016	6,531.97
2017	6,531.97
2018	6,531.97
2019	6,531.97
2020	6,531.97
2021	6,531.97
2022	6,531.97
2023	6,531.97
2024	6,531.97
2025	6,531.97
2026	6,532.11

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in Exhibit B and Exhibit C to the Resolution.

Section 4. The District does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 5. The District does hereby appoint and designate Commercial Banking & Trust Company, a state banking association, Parkersburg, West Virginia, as Depository Bank under the Resolution.

Section 6. Series A Bond proceeds in the amount of \$692,181.00 shall be deposited in the BAN Sinking Fund and be used to make the principal payment on the BAN.

Section 7. Series B Bond proceeds in the amount of \$248,215.00 shall be deposited in the BAN Sinking Fund and be used to make the principal payment on the BAN.

Section 8. \$64,746.00 of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series A Bond Reserve Account with the Series A Sinking Fund.

Section 9. \$6,532.00 of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series B Bond Reserve Account with the Series B Sinking Fund.

Section 10. The remaining balance of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series A Bond Reserve Account within the Series A Sinking Fund to be applied pursuant to the terms of Section 6.03(G) of the Resolution.

Section 11. \$8,777.03 of the funds currently on deposit in the BAN Capitalized Interest Account within the BAN Sinking Fund shall be used to pay the interest due on the BAN from April 1, 1988 through May 19, 1988.

Section 12. The remaining balance of the funds currently on deposit in the BAN Capitalized Interest Account within the BAN Sinking Fund shall be transferred to the Bonds Capitalized Interest within the Series A Sinking Fund.

Section 13. The Chairman, the Secretary or any other member of the Board of the District are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered on or about May 19, 1988, to the Authority pursuant to the Loan Agreement and Supplemental Loan Agreement.

Section 14. The financing of the costs of the Project in part with proceeds of the Bonds 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 15. The District hereby determines that it is in the best interest of the District to invest all moneys in the funds and accounts established by the Resolution in the West Virginia "Consolidated Fund," and therefore the District hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund.

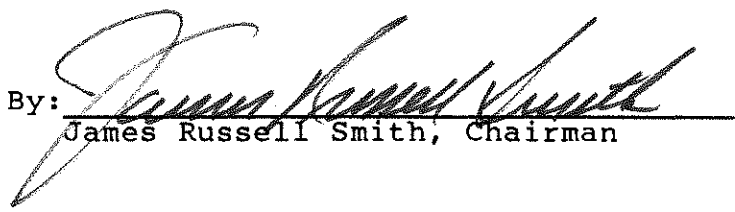
Section 16. The District shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the District to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The District will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder. Unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of Bond Counsel, the District will furnish to the Authority annually, at such time as the District is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority. The District shall take any and all actions and shall refrain from taking any actions as shall be deemed necessary by the Authority to maintain the exclusions from gross income for Federal income tax purposes of interest on the Authority's Water Development Revenue Bonds including, but not limited to, the Authority, in its sole discretion, causing the rebate calculations for the District to be prepared or monitored, in either case at the expense of the District.

Section 17. The District hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, principal and accrued interest on the BAN.

Section 18. This Second Supplemental Resolution shall be effective immediately upon adoption.

Adopted this 16th day of May, 1988.

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

By: 

James Russell Smith, Chairman

WDA-5
(October 1986)

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LOAN AGREEMENT

WATER DEVELOPMENT AUTHORITY

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

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

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

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

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

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

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

1.8 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(g) The net proceeds of the 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) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the

financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be

realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owner of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided that, if the cost of acquisition and construction of the Project includes funded reserves for the Local Bonds, any requisite proceeds shall be credited to the construction fund and then deposited in the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein; and

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

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

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

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

shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

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

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

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

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

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably cove-

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule 2 attached

hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

WDA-5X
(March 1988)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 692,181.00

Purchase Price of Local Bonds \$ 692,181.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 9 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

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

SCHEDULE Y
REVENUES

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth ($1/6$) of the interest payment next coming due on the Local Bonds and one-twelfth ($1/12$) of the principal payment next coming due on the Local Bonds and, if 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 Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth ($1/12$) of one-tenth ($1/10$) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;
- (iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent ($2-1/2\%$) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and
- (v) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

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

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

Additional Conditions and Covenants

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

2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

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

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the

event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

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

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

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

8. The Governmental Agency shall comply with the provisions of the Internal Revenue Code of 1986, as amended. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years of May 22, 1986;

- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by May 1, 1989;
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds; and
- (e) The Governmental Agency will comply with the provisions of the Internal Revenue Code of 1986, as amended, for which the effective date precedes the date of delivery of its Local Bond to the Authority.

Central Boaz Public Service District
Debt Service Schedule
Analysis of 9% Borrowing
38 Principal Payments
Closing Date: 19-May-88

Date	Coupon	Principal	Interest	Total DS 9% Bonds
01-Oct-88			\$22,841.97	\$22,841.97
01-Oct-89	9.00%	2,449.00	62,296.29	64,745.29
01-Oct-90	9.00%	\$2,669.00	62,075.88	64,744.88
01-Oct-91	9.00%	2,910.00	61,835.67	64,745.67
01-Oct-92	9.00%	3,172.00	61,573.77	64,745.77
01-Oct-93	9.00%	3,457.00	61,288.29	64,745.29
01-Oct-94	9.00%	3,768.00	60,977.16	64,745.16
01-Oct-95	9.00%	4,107.00	60,638.04	64,745.04
01-Oct-96	9.00%	4,477.00	60,268.41	64,745.41
01-Oct-97	9.00%	4,880.00	59,865.48	64,745.48
01-Oct-98	9.00%	5,319.00	59,426.28	64,745.28
01-Oct-99	9.00%	5,798.00	58,947.57	64,745.57
01-Oct-2000	9.00%	6,320.00	58,425.75	64,745.75
01-Oct-2001	9.00%	6,888.00	57,856.95	64,744.95
01-Oct-2002	9.00%	7,508.00	57,237.03	64,745.03
01-Oct-2003	9.00%	8,184.00	56,561.31	64,745.31
01-Oct-2004	9.00%	8,921.00	55,824.75	64,745.75
01-Oct-2005	9.00%	9,723.00	55,021.86	64,744.86
01-Oct-2006	9.00%	10,599.00	54,146.79	64,745.79
01-Oct-2007	9.00%	11,553.00	53,192.88	64,745.88
01-Oct-2008	9.00%	12,592.00	52,153.11	64,745.11
01-Oct-2009	9.00%	13,726.00	51,019.83	64,745.83
01-Oct-2010	9.00%	14,961.00	49,784.49	64,745.49
01-Oct-2011	9.00%	16,307.00	48,438.00	64,745.00
01-Oct-2012	9.00%	17,775.00	46,970.37	64,745.37
01-Oct-2013	9.00%	19,375.00	45,370.62	64,745.62
01-Oct-2014	9.00%	21,119.00	43,626.87	64,745.87
01-Oct-2015	9.00%	23,019.00	41,726.16	64,745.16
01-Oct-2016	9.00%	25,091.00	39,654.45	64,745.45
01-Oct-2017	9.00%	27,349.00	37,396.26	64,745.26
01-Oct-2018	9.00%	29,811.00	34,934.85	64,745.85
01-Oct-2019	9.00%	32,494.00	32,251.86	64,745.86
01-Oct-2020	9.00%	35,418.00	29,327.40	64,745.40
01-Oct-2021	9.00%	38,606.00	26,139.78	64,745.78
01-Oct-2022	9.00%	42,080.00	22,665.24	64,745.24
01-Oct-2023	9.00%	45,867.00	18,878.04	64,745.04
01-Oct-2024	9.00%	49,995.00	14,750.01	64,745.01
01-Oct-2025	9.00%	54,495.00	10,250.46	64,745.46
01-Oct-2026	9.00%	59,399.00	5,345.91	64,744.91
		\$692,181.00	\$1,790,985.84	\$2,483,166.84

RECEIVED

WDA-Supp. 5
(October 1986)

SEP 2 1987

WATER DEVELOPMENT AUTHORITY

SUPPLEMENTAL LOAN AGREEMENT

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

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions; Loan Agreement

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

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

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

1.4 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues

of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

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

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

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project

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

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

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

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

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

mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

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

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

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

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of

the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

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

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

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State,

the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds and on a parity with the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by bond proceeds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") or on the Supplemental Bonds in any year (the "Supplemental Reserve Requirement"), as the case may be, and any reserve account for any such prior or

parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and any such prior or parity obligations;

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

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

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

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

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

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

appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

(xiv) That the proceeds of the Supplemental Bonds, except any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided, that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

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

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in

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

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

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

4.4 The Supplemental Loan shall not bear interest.

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority and shall include, but not be limited to, legal fees paid by the Authority.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Supplemental Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Supplemental Loan, it has fixed

and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

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

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

Central Boaz Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By Lawrence P. Hoffmann
Its Secretary Public Service Board

Attest:

Date: September 1, 1987

Charles Lee
Its Treasurer

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By Edgar P. Henry
Director

Attest:

Date: Sept. 2, 1987

Daniel B. Harkins
Secretary-Treasurer

WDA-Supp. 5X
(March 1988)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>248,215.00</u>
Purchase Price of Supplemental Bonds	\$ <u>248,215.00</u>

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

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

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

SCHEDULE Y
REVENUES

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

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

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if 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 Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded

concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

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

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

WDA-Supp. 5Z-PSD Sewer (EPA)
(October 1986)

SCHEDULE 2

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.
3. "System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.
4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the

Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

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

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

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

Central Boaz Public Service District
Debt Service Schedule
Analysis of Interest Free Borrowing
38 Principal Payments
Closing Date: 19-May-88

Date	Interest Free Loan
01-Oct-88	
01-Oct-89	\$6,531.97
01-Oct-90	6,531.97
01-Oct-91	6,531.97
01-Oct-92	6,531.97
01-Oct-93	6,531.97
01-Oct-94	6,531.97
01-Oct-95	6,531.97
01-Oct-96	6,531.97
01-Oct-97	6,531.97
01-Oct-98	6,531.97
01-Oct-99	6,531.97
01-Oct-2000	6,531.97
01-Oct-2001	6,531.97
01-Oct-2002	6,531.97
01-Oct-2003	6,531.97
01-Oct-2004	6,531.97
01-Oct-2005	6,531.97
01-Oct-2006	6,531.97
01-Oct-2007	6,531.97
01-Oct-2008	6,531.97
01-Oct-2009	6,531.97
01-Oct-2010	6,531.97
01-Oct-2011	6,531.97
01-Oct-2012	6,531.97
01-Oct-2013	6,531.97
01-Oct-2014	6,531.97
01-Oct-2015	6,531.97
01-Oct-2016	6,531.97
01-Oct-2017	6,531.97
01-Oct-2018	6,531.97
01-Oct-2019	6,531.97
01-Oct-2020	6,531.97
01-Oct-2021	6,531.97
01-Oct-2022	6,531.97
01-Oct-2023	6,531.97
01-Oct-2024	6,531.97
01-Oct-2025	6,531.97
01-Oct-2026	6,531.97

\$248,215.00

6,532.11

22

CENTRAL BOAZ PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)

\$940,396 Sewerage System Revenue Bonds
Series A and Series B

REGISTRAR'S CERTIFICATE

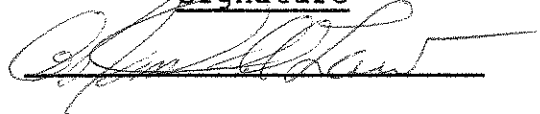
The undersigned, C. Randall Law, Vice President and Senior Trust Officer, of COMMERCIAL BANKING & TRUST COMPANY, Parkersburg, West Virginia, a state banking association (the "Bank"), hereby certifies as follows with respect to the above-captioned Bonds (the "Bonds").

1. The Bank has full power and authority to enter into and carry out the provisions of the Registrar's Agreement, dated as of November 20, 1987, between the Central Boaz Public Service District (the "District"), and the Bank (the "Registrar's Agreement").

2. The person whose title, name and signature is set forth below holds the position shown opposite his name, and has been named and designated as an authorized officer of the Bank to authenticate and register the Bonds, to deliver certificates on behalf of the Bank in connection with the closing of the sale of the Bonds and to take any other actions required by the Registrar's Agreement.

<u>Title</u>	<u>Name</u>
Vice President & Senior Trust Officer	C. Randall Law

Signature



3. The above-signed C. Randall Law was duly authorized to, and did on or prior to the date hereof, execute and deliver the Registrar's Agreement to the District on behalf of the Bank.

4. Pursuant to the Supplemental Resolution, the undersigned has received prior to the date hereof a request and authorization to the Bank on behalf of the District, signed by an authorized member of the Public Service Board of the District, to authenticate and deliver the Bonds to the Purchaser.

5. The Bank has received from the District on the date hereof the Bonds, in the respective numbers and denominations, maturing on October 1 of such years, and bearing interest at such rates, all as set forth in Exhibit A attached hereto and incorporated herein by reference. At the time of such receipt, each of the Bonds had been executed by the manual signature of the Chairman of the Public Service Board of the District, imprinted with the seal of the District, and attested by the manual signature of the Secretary of the Public Service Board of the District.

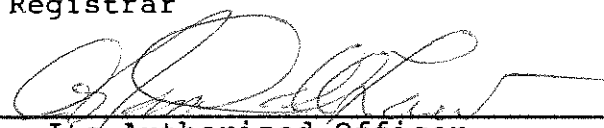
6. The Bank has duly authenticated the Bonds originally issued on May 19, 1988, and described in Exhibit A hereto, by manually executing on each of such Bonds a certificate in substantially the following form:

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds described in the within-mentioned Resolution and has been duly registered in the name set forth above on the date set forth below.

COMMERCIAL BANKING & TRUST COMPANY
As Registrar

Date: 5-19-88

By 
Its Authorized Officer

2660E

Exhibit A to Registrar's Certificate

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

\$940,346.00 Sewerage System Revenue Bonds
Series A and Series B

TERMS OF THE SERIES A AND SERIES B BONDS

a. The Series A Bond designated R-1 shall be issued in the form of a single bond in typewritten form fully registered to the West Virginia Water Development Authority, in the denomination of \$692,181.00, with interest thereon at the rate of 9.0% per annum payable semi-annually on October 1 and April 1, first interest payable on October 1, 1988, representing the aggregate principal amount of the Series A Bond issue and shall mature in principal installment on October 1 of each year as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
1989	2,449.00	9.0%
1990	2,669.00	9.0%
1991	2,910.00	9.0%
1992	3,172.00	9.0%
1993	3,457.00	9.0%
1994	3,768.00	9.0%
1995	4,107.00	9.0%
1996	4,477.00	9.0%
1997	4,880.00	9.0%
1998	5,319.00	9.0%
1999	5,798.00	9.0%
2000	6,320.00	9.0%
2001	6,888.00	9.0%
2002	7,508.00	9.0%
2003	8,184.00	9.0%
2004	8,921.00	9.0%
2005	9,723.00	9.0%
2006	10,599.00	9.0%
2007	11,553.00	9.0%
2008	12,592.00	9.0%
2009	13,726.00	9.0%
2010	14,961.00	9.0%
2011	16,307.00	9.0%
2012	17,775.00	9.0%
2013	19,375.00	9.0%

2014	21,119.00	9.0%
2015	23,019.00	9.0%
2016	25,091.00	9.0%
2017	27,349.00	9.0%
2018	29,811.00	9.0%
2019	32,494.00	9.0%
2020	35,418.00	9.0%
2021	38,606.00	9.0%
2022	42,080.00	9.0%
2023	45,867.00	9.0%
2024	49,995.00	9.0%
2025	54,495.00	9.0%
2026	59,399.00	9.0%

b. The Series B Bond designated R-1 shall be issued in the form of single Bond in typewritten form, fully registered to the West Virginia Water Development Authority, in the denomination of \$248,215.00, without interest, representing the aggregate principal amount of the Series B Bond issue, and shall mature in principal installments on October 1, of each year after date as follows:

<u>Year</u>	<u>Installment</u>
1989	6,531.97
1990	6,531.97
1991	6,531.97
1992	6,531.97
1993	6,531.97
1994	6,531.97
1995	6,531.97
1996	6,531.97
1997	6,531.97
1998	6,531.97
1999	6,531.97
2000	6,531.97
2001	6,531.97
2002	6,531.97
2003	6,531.97
2004	6,531.97
2005	6,531.97
2006	6,531.97
2007	6,531.97
2008	6,531.97
2009	6,531.97
2010	6,531.97
2011	6,531.97
2012	6,531.97
2013	6,531.97
2014	6,531.97

2015	6,531.97
2016	6,531.97
2017	6,531.97
2018	6,531.97
2019	6,531.97
2020	6,531.97
2021	6,531.97
2022	6,531.97
2023	6,531.97
2024	6,531.97
2025	6,531.97
2026	6,532.11

2980E

CENTRAL BOAZ PUBLIC SERVICE DISTRICT
\$940,396 SEWERAGE SYSTEM REVENUE BONDS,
SERIES A AND B

ENGINEER'S CERTIFICATE

I, MANNING H. FRYMIER, Registered Professional Engineer, West Virginia Registration No. 8497, of Cerrone & Associates, Inc., Consulting Engineers, Wheeling, West Virginia, hereby certify as follows:

1. Cerrone & Associates, Inc. is engineer for the construction and acquisition of a sewerage system (the "Project") for Central Boaz Public Service District in Wood County, West Virginia (the "District"). Certain costs of such construction and acquisition are being financed in part by proceeds of the above-captioned bonds (the "Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency.

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to West Virginia Water Development Authority ("WDA") and approved by all necessary governmental bodies and is situate wholly within the boundaries of the District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) my firm has examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received and contracts for construction entered in an amount and are otherwise compatible with the plan of financing described in said Application and my firm will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the District has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates and charges for the sewerage system of the District comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between WDA and the District; and (viii) the net proceeds of the Bonds, together with the proceeds of grants irrevocably committed therefor and other moneys

on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to WDA.

WITNESS my signature on this 19th day of May, 1988.

CERRONE & ASSOCIATES, INC.,

By


Manning H. Frymier, P.E.

2651E

11/13/87

Harman, Thompson, Mallory & Ice
Certified Public Accountants

May 19, 1988

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

In re: Central Boaz Public Service District
Sewerage System Revenue Bonds
Series A and Series B

Gentlemen:

Based upon the rates and charges as set forth and approved in the order of the Public Service Commission of West Virginia (Case No. 87-236-S-CN) entered November 19, 1987, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Cerrone & Associates, consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of Central Boaz Public Service District, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewerage System Revenue Bonds, Series A and Series B to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such Bonds.

Very truly yours,

HARMAN, THOMPSON, MALLORY & ICE


E. L. Thompson

DAVIS, BAILEY, PFALZGRAF & HALL

ATTORNEYS AT LAW

601 AVERY STREET

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WILLIAM A. TRAINER
HOWARD E. SEUFER, JR.

STEVEN R. HARDMAN
J. MICHAEL WEBER
J. FRED EARLEY II*

*ALSO ADMITTED IN D.C.

May 19, 1988

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

Gentlemen:

We are bond counsel to Central Boaz Public Service District, Wood County, West Virginia (the "District").

We have examined a record of proceedings and other papers relating to (i) the authorization of a loan agreement, dated September 2, 1987, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the District and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a revenue bond of the District, dated May 19, 1988 (the "Local Bond"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bond is in the principal amount of \$692,181.00, issued as one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1988. The Bond bears interest at the rate of 9.0% per annum and is payable in principal installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
1989	2,449.00	9.0%
1990	2,669.00	9.0%
1991	2,910.00	9.0%
1992	3,172.00	9.0%
1993	3,457.00	9.0%
1994	3,768.00	9.0%
1995	4,107.00	9.0%
1996	4,477.00	9.0%
1997	4,880.00	9.0%

West Virginia Water Development Authority
May 19, 1988
Page 2

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
1998	5,319.00	9.0%
1999	5,798.00	9.0%
2000	6,320.00	9.0%
2001	6,888.00	9.0%
2002	7,508.00	9.0%
2003	8,184.00	9.0%
2004	8,921.00	9.0%
2005	9,723.00	9.0%
2006	10,599.00	9.0%
2007	11,553.00	9.0%
2008	12,592.00	9.0%
2009	13,726.00	9.0%
2010	14,961.00	9.0%
2011	16,307.00	9.0%
2012	17,775.00	9.0%
2013	19,375.00	9.0%
2014	21,119.00	9.0%
2015	23,019.00	9.0%
2016	25,091.00	9.0%
2017	27,349.00	9.0%
2018	29,811.00	9.0%
2019	32,494.00	9.0%
2020	35,418.00	9.0%
2021	38,606.00	9.0%
2022	42,080.00	9.0%
2023	45,867.00	9.0%
2024	49,995.00	9.0%
2025	54,495.00	9.0%
2026	59,399.00	9.0%.

The Local Bond is issued for the purpose of constructing a sewerage system treatment and collection facility in the District and the proceeds therefrom will be expended for payment of Costs of the Project, as such term is defined in the supplemental resolution of the District duly enacted on May 16, 1988.

We have also examined the applicable provisions of Chapter 16 Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), and the Resolution of the District duly enacted by the District on November 19, 1987, a resolution supplemental thereto duly enacted effective November 20, 1987, and a resolution supplemental thereto duly enacted effective

May 16, 1988, (collectively the "Resolution"), pursuant to and under which Act and Resolution the Local Bond is authorized and issued, and the Loan Agreement that has been undertaken. The Local 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.

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

1. The Loan Agreement has been duly authorized by and executed and delivered on behalf of the District and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding special obligation of the District enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the District without the consent of the Authority.
3. The District is a duly organized and presently existing public service district and a political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bond, all under the provisions of the Act and other applicable provisions of law.
4. The members and officers of the public service board of the District have been duly and properly appointed and elected, have taken the requisite oaths and are authorized to act in their respective capacities in behalf of the District.
5. The District has legally and effectively enacted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Local Bond. The Resolution contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
6. The execution and delivery of the Bonds and other documents by the District will not conflict with or cause a

breach or default on the District's part under any other agreement to which the District is a party.

7. The Local Bond is a valid and legally enforceable special obligation of the District, payable from the net revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bond and the Resolution, and have been duly issued and delivered to the Authority.

8. The Local Bond is, by statute, exempt from all taxation by the State of West Virginia and other taxing bodies of the State and the interest on the Local Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

9. Under existing law and court decisions, the interest on the Local Bond is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, such interest is taken into account in determining adjusted net book income for taxable years ending before January 1, 1990, and adjusted current earnings for taxable years ending after December 31, 1989, for the purpose of determining alternative minimum taxable income for corporations. Such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. This opinion is subject to the conditions that the District comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Local Bond in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bond to be so included in gross income retroactive to the date of issuance of the Local Bond. The District has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Local Bond.

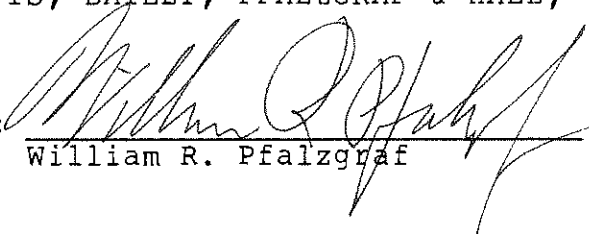
West Virginia Water Development Authority
May 19, 1988
Page 6

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 is regular and proper.

Very truly yours,

DAVIS, BAILEY, PFALZGRAF & HALL,

By:


William R. Pfalzgraf

2652E

DAVIS, BAILEY, PFALZGRAF & HALL

ATTORNEYS AT LAW

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HOWARD E. SEUFER, JR.

STEVEN R. HARDMAN
J. MICHAEL WEBER
J. FRED EARLEY II*

*ALSO ADMITTED IN D.C.

May 19, 1988

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

Gentlemen:

We are bond counsel to Central Boaz Public Service District, Wood County, West Virginia (the "District").

We have examined a record of the proceedings and other papers relating to (i) the authorization of a loan agreement, dated September 2, 1987, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the District and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a supplemental, subordinate revenue bond of the District dated May 19, 1988 (the "Supplemental Bond"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bond is in the principal amount of \$248,215.00, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Year</u>	<u>Installment</u>
1989	6,531.97	2008	6,531.97
1990	6,531.97	2009	6,531.97
1991	6,531.97	2010	6,531.97
1992	6,531.97	2011	6,531.97
1993	6,531.97	2012	6,531.97
1994	6,531.97	2013	6,531.97
1995	6,531.97	2014	6,531.97
1996	6,531.97	2015	6,531.97
1997	6,531.97	2016	6,531.97
1998	6,531.97	2017	6,531.97
1999	6,531.97	2018	6,531.97
2000	6,531.97	2019	6,531.97
2001	6,531.97	2020	6,531.97
2002	6,531.97	2021	6,531.97
2003	6,531.97	2022	6,531.97
2004	6,531.97	2023	6,531.97
2005	6,531.97	2024	6,531.97
2006	6,531.97	2025	6,531.97
2007	6,531.97	2026	6,532.11

West Virginia Water Development Authority
May 19, 1988
Page Two

The Supplemental Loan Agreement is supplemental to a loan agreement dated September 2, 1987, also between the District and the Authority (the "Loan Agreement"). The Supplemental Bond is junior, subordinate and inferior as to lien and source of and security for payment to the bond issued pursuant to the Loan Agreement (the "Local Bond"), which Local Bond is issued simultaneously herewith.

The Supplemental Bond is issued, together with the Local Bonds, for the purpose of constructing a sewerage system treatment and collection facility in the District and the proceeds therefrom will be expended for payment of "Costs of the Project" as such term is defined in supplemental resolution of the District duly enacted on May 16, 1988.

We have also examined the applicable provisions of Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), and the Resolution duly enacted by the District on November 19, 1987 and a resolution supplemental thereto duly enacted effective November 20, 1987, and a resolution supplemental thereto duly enacted on May 16, 1988, (collectively the "Resolution"), pursuant to and under which Act and Resolution the Supplemental Bond is authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental 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 Supplemental Loan Agreement.

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

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

West Virginia Water Development Authority
May 19, 1988
Page Three

3. The District is a duly organized and presently existing public service district and a political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bond, all under the provisions of the Act and other applicable provisions of law.

4. The District has legally and effectively enacted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Supplemental Bond. The Resolution contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

5. The Supplemental Bond is a valid and legally enforceable special obligation of the District, payable from the net revenues of the System referred to in the Resolution and secured by a lien on and pledge of the net revenues of said System, all in accordance with the terms of the Supplemental Bond and the Resolution and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bond.

6. The Supplemental Bond is, by statute, exempt from all taxation by the State of West Virginia and other taxing bodies of the State.

7. On March 31, 1988, House Ways and Means Committee Chairman Dan Rostenkowski and Senate Finance Committee Chairman Lloyd Bentsen introduced identical technical correction bills (HR 4333, S 2230) to make change to the Tax Reform Act of 1986 and the Omnibus Budget Reconciliation Act of 1987. Section XIII of Title I of these bills contain provisions which, if enacted into law, would affect the tax exempt bond provisions of Title XIII of the Tax Reform Act of 1986. It is our opinion the enacting into law of the tax exempt bond provisions contained the present form of HR 4333, S 2230 would not adversely impact the status of the Supplemental Bond for Federal Income Tax purposes.

8. The District has received all permits, licenses approvals and authorizations necessary for the issuance of the Bond, construction of the Project, operation of the System and imposition of rates and charges, including without limitation, the

West Virginia Water Development Authority
May 19, 1988
Page Four

receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, including the Final Order of the Public Service Commission of West Virginia entered November 19, 1987, (Case No. 87-236-S-CN) granting to the District a Certificate of Convenience and Necessity, and approving the proposed financing, the period for appeal of such Order having expired prior to the date hereof.

9. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transaction contemplated by the Loan Agreement, construction of the Project, operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

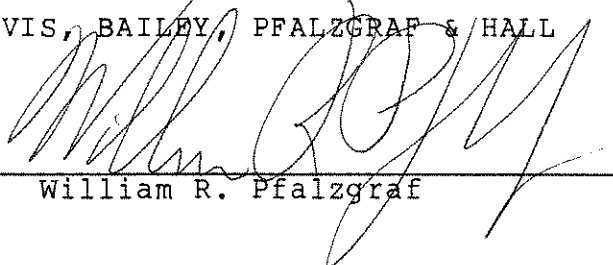
No opinion is given herein as to the effect upon enforceability of the Supplemental Bond of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Supplemental 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,

DAVIS, BAILEY, PFALZGRAF & HALL

By


William R. Pfalzgraf

2977E

DAVIS, BAILEY, PFALZGRAF & HALL

ATTORNEYS AT LAW
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HOWARD E. SEUFER, JR.

STEVEN R. HARDMAN
J. MICHAEL WEBER
J. FRED EARLEY II*

*ALSO ADMITTED IN D.C.

May 19, 1988

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

Central Boaz Public Service District
Route 5, Box 39
Parkersburg, West Virginia 26101

RE: Central Boaz Public Service District
Sewerage System Revenue Bonds, Series A

Gentlemen:

Please refer to our approving legal opinions of even date herewith, as to the above-captioned Bond issue, which opinion is delivered herewith.

Based upon the certificate of the Public Service Board of the Central Boaz Public Service District (the "District"), of even date herewith, stating facts, estimates and circumstances with reference to arbitrage, in our opinion the Bonds are not "arbitrage bonds" under the provisions of Sections 103 and 148 of the Code. While we have undertaken no independent investigation or verification of the expectations set forth in said certificate, no matters come to our attention which make unreasonable or incorrect the statements, expectations or representations made in said certificate.

In rendering the foregoing opinion, we wish to advise you that Section 148 of the Code in its present form imposes certain restrictions regarding the investment of proceeds of the Bonds and requires, among other things, that no intentional use of any portion of the proceeds of the Bonds be made in a manner so as to cause the Bonds to constitute "arbitrage bonds" and requires that certain amounts be periodically rebated to the United States by the District, subject to the exceptions therein set forth. The failure to comply with these provisions may cause the Bonds to become taxable. In rendering this opinion, we have relied upon the representations and covenants of the District to the effect that, to the extent applicable, the District will comply with

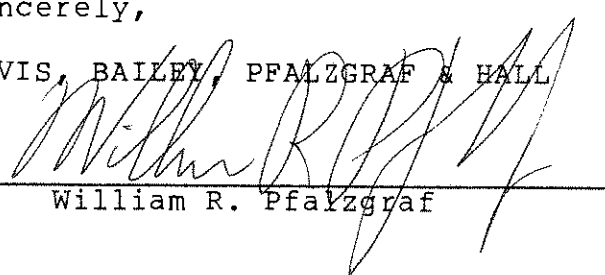
West Virginia Water Development Authority
May 19, 1988
Page 2

said restrictions and requirements, including, without limitation, the rebate requirement. We express no opinion herein as to the taxability of the interest on the Bonds in the event of the failure to comply with the requirements and restrictions of Section 148 of the Code, as set forth hereinabove, and any rules and regulations thereunder, and the statements, expectations and representations made in said certificate.

Sincerely,

DAVIS, BAILEY, PFALZGRAF & HALL

By



William R. Pfalzgraf

2657E

DAVIS, BAILEY, PFALZGRAF & HALL

ATTORNEYS AT LAW
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J. MICHAEL WEBER
J. FRED EARLEY II*

*ALSO ADMITTED IN D.C.

May 19, 1988

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

IN RE: Central Boaz Public Service District Sewerage
System Revenue Bonds, Series A and Series B

Gentlemen:

We are counsel to Central Boaz Public Service District, a public service district, in Wood County, West Virginia (the "District"). As such counsel, we have examined copies of the approving opinions of bond counsel, a loan agreement and supplemental loan agreement, both dated September 2, 1987, as supplemented and amended, by and between the West Virginia Water Development Authority (the "Authority") and the District (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the District. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

We are of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding obligation of the District enforceable in accordance with its terms, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the District without the consent of the Authority.

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

West Virginia Water
Development Authority, et al.
May 19, 1988
Page 2

3. The Local Act and all other necessary resolutions have been duly and effectively adopted by the District and are in full force and effect. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transaction contemplated by the Loan Agreement, and the carrying out of the terms of either thereof, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or any existing law, regulation, court order or consent decree to which the District is subject.

5. The District has received any and all all permits, licenses, approvals and authorizations required by law or otherwise necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges, including without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The time for appeal of such order of the Public Service Commission of West Virginia has expired prior to the date hereof.

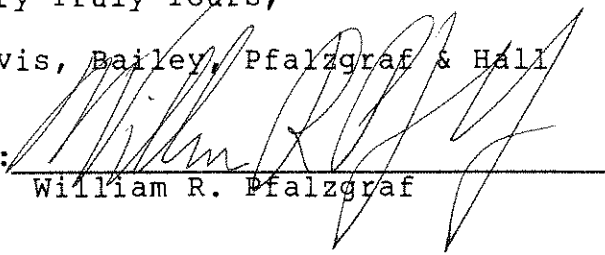
6. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, construction of the Project, operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Very Truly Yours,

Davis, Bailey, Pfalzgraf & Hall

By:


William R. Pfalzgraf

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: May 19, 1988

(See Reverse for Instructions)

Revenue Bonds

ISSUER & ISSUE: Central Boaz Public Service District Sewerage System Series A & Series B

ADDRESS: Route 5, Box 39, Parkersburg, West Virginia COUNTY: Wood

PURPOSE New Money

OF ISSUE: Refunding ☒ Refunds issue(s) dated: November 20, 1987

ISSUE DATE: May 19, 1988

CLOSING DATE: May 19, 1988

ISSUE AMOUNT: \$ 940,396.00

RATE: 7.00%

1st DEBT SERVICE DUE: October 1, 1988

1st PRINCIPAL DUE: October 1, 1988

1st DEBT SERVICE AMOUNT: 22,841.97

PAYING AGENT: WV Municipal Bond Commission

ISSUERS Davis, Bailey, Pfalzgraf
BOND COUNSEL: & Hall

UNDERWRITERS
BOND COUNSEL: Jackson & Kelly

Contact Person: J. Fred Earley, II

Contact Person: Taunja Willis Miller

Phone: (304) 485-8500

Phone: 304 340-0316

DEPOSITORY

~~DEPOSITORY~~ BANK: Commercial Banking & Trust Co ESCROW TRUSTEE:

Contact Person: C. Randall Law

Contact Person:

Phone: (304) 424-0300

Phone:

KNOWLEDGEABLE ISSUER CONTACT

OTHER:

Contact Person: R. Neil Bee

Contact Person:

Position: Manager

Function:

Phone: (304) 422-6042

Phone:

DEPOSITS TO MBC AT CLOSE: Accrued Interest: _____ Days \$ _____

By Wire

Capitalized Interest: \$ _____

Check

Reserve Account: \$ _____

IGT

Other: SEE ATTACHED STATEMENT \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire

To Escrow Trustee: \$ _____

Check

To Issuer: \$ _____

IGT

To CIF-State Treasury \$ _____

To Other: SEE ATTACHED STATEMENT \$ _____

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

ATTACHMENT TO NEW ISSUE REPORT
APPLICATION OF BOND PROCEEDS AND
BALANCES IN BAN SINKING FUND ACCOUNTS

1. Series A Bond proceeds in the amount of \$692,181.00 shall be deposited in the BAN Sinking Fund and be used to make the principal payment on the BAN.

2. Series B Bond proceeds in the amount of \$248,215.00 shall be deposited in the BAN Sinking Fund and be used to make the principal payment on the BAN.

3. \$64,746.00 of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series A Bond Reserve Account with the Series A Sinking Fund.

4. \$6,532.00 of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series B Bond Reserve Account with the Series B Sinking Fund.

5. The remaining balance of the funds currently on deposit in the BAN Reserve Account within the BAN Sinking Fund shall be transferred to the Series A Bond Reserve Account within the Series A Sinking Fund to be applied pursuant to the terms of Section 6.03(G) of the Resolution.

6. \$8,777.03 of the funds currently on deposit in the BAN Capitalized Interest Account within the BAN Sinking Fund shall be used to pay the interest due on the BAN from April 1, 1988 through May 19, 1988.

7. The remaining balance of the funds currently on deposit in the BAN Capitalized Interest Account within the BAN Sinking Fund shall be transferred to the Bonds Capitalized Interest within the Series A Sinking Fund.

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Sewerage System Revenue Bond, Series A, of the Central Boaz Public Service District in the principal amount of \$692,181, numbered R-1, standing in the name of West Virginia Water Development Authority on the books of said District.

Dated: May 19, 1988.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Daniel B. Yankesky
Authorized Representative

CENTRAL BOAZ PUBLIC SERVICE DISTRICT

Sewerage System Revenue Bonds
Series A and Series B

CERTIFICATE OF REGISTRATION OF BONDS

I, C. Randall Law, Vice President and Senior Trust Officer of Commercial Banking & Trust Company, a state banking association, as Registrar under the Resolution and Registrar's Agreement providing for the \$940,396 aggregate principal amount of Sewerage System Revenue Bonds, Series A and Series B, of the Central Boaz Public Service District (the "District"), hereby certify that on the 19th day of May, 1988, the fully registered Series A Bond of the District numbered R-1 in the principal amount of \$692,181.00 designated "Sewerage System Revenue Bond, Series A," and the single fully registered Series B Bond of the District numbered R-1 in the principal amount of \$248,215.00 designated "Sewerage System Revenue Bond, Series B," were registered as to principal and interest (the Series B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the District kept for that purpose at our office, by a duly authorized officer on behalf of the Commercial Banking & Trust Company, a state banking association, as Registrar.

WITNESS my signature as of this 19th day of May, 1988.

COMMERCIAL BANKING & TRUST COMPANY

By: 
Its: C. Randall Law, Vice
President and Senior Trust
Officer

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

Re: Central Boaz Public Service District Sewerage
System Revenue Bonds, Series A and Series B

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and JAMES RUSSELL SMITH, Chairman of the Public Service Board of the Central Boaz Public Service District (the "District"), hereby certify as follows:

1. On the 19th day of May, 1988, the Authority received the entire original issue of \$940,396 in aggregate principal amount of Sewerage System Revenue Bonds, Series A and Series B (collectively, the "Bonds"), the Series A Bond being issued as one fully registered Bond number R-1, the Series B Bond being issued as a single fully registered Bond numbered R-1, as follows:

<u>Series</u>	<u>Bond No.</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
A	R-1	9.00%	\$692,181.00
B	R-1	0.00%	\$248,215.00

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by James L. Duvall, Jr., as a duly authorized member of the Public Service Board of the District, by his manual signature, and by Lawrence Hoffmann, III, as Secretary of the Public Service Board of the District, by his manual signature and the official seal of the District had been affixed upon the Bonds.

3. The District has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, the proceeds of the Series A Bond in the aggregate principal amount of \$692,181.00 and the proceeds of the Series B Bond in the aggregate principal amount of \$248,215.00 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and the CENTRAL BOAZ PUBLIC SERVICE DISTRICT has caused this receipt to be executed and delivered by the

Chairman of its Public Service Board, as of this 19th day of May,
1988.

CENTRAL BOAZ PUBLIC SERVICE
DISTRICT

By: 
James Russell Smith, Chairman

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: 
Secretary-Treasurer

2658E