

**MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004A (WEST VIRGINIA INFRASTRUCTURE FUND) AND
SERIES 2004B (UNITED STATES DEPARTMENT OF AGRICULTURE)**

BOND RESOLUTION

TABLE OF CONTENTS

	<u>Page</u>
ATTICLE I – STATUTORY AUTHORITY, FINDING AND DEFINITIONS	2
Section 1.01. <u>Authority for this Resolution</u>	2
Section 1.02. <u>Findings and Determinations</u>	2
Section 1.03. <u>Bond Legislation Constitutes Contract</u>	4
Section 1.04. <u>Definitions</u>	5
ARTICLE II – AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT	13
Section 2.01. <u>Authorization of Acquisition and Construction of the Project</u>	13
ARTICLE III – AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT	14
Section 3.01. <u>Authorization of Bonds</u>	14
Section 3.02. <u>Terms of Bonds</u>	14
Section 3.03. <u>Execution of Bonds</u>	15
Section 3.04. <u>Authentication and Registration</u>	15
Section 3.05. <u>Negotiability, Transfer and Registration</u>	15
Section 3.06. <u>Bonds Mutilated, Destroyed, Stolen or Lost</u>	16
Section 3.07. <u>Bonds not to be Indebtedness of the Issuer</u>	17
Section 3.08. <u>Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds</u>	17
Section 3.09. <u>Delivery of Bonds</u>	17
Section 3.10. <u>Forms of Series 2004 Bonds</u>	17
Section 3.11. <u>Sale of Series 2004 Bonds; Approval and Ratification of Execution of Loan Agreement with Authority</u>	32
Section 3.12. <u>Series 2004 Bonds are Issued as Parity Bonds With Respect to Prior Bonds</u>	32
Section 3.13. <u>Filing of “Amended Schedule”</u>	32
ARTICLE IV – [RESERVED]	33
ARTICLE V - FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF	34
Section 5.01. <u>Establishment or Continuance of Funds and Accounts with Depository Bank</u>	34
Section 5.02. <u>Establishment or Continuance of Funds and Accounts with Commission</u>	34
Section 5.03. <u>System Revenues; Flow of Funds</u>	35

ARTICLE VI – BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS	40
Section 6.01. <u>Application of Bond Proceeds; Pledge of Unexpended</u>	
<u>Bond Proceeds</u>	40
Section 6.02. <u>Disbursements From the Series 2004 Construction Trust Funds</u>	40
ARTICLE VII – ADDITIONAL COVENANTS OF THE ISSUER	42
Section 7.01. <u>General Covenants of the Issuer</u>	42
Section 7.02. <u>Bonds not to be Indebtedness of the Issuer</u>	42
Section 7.03. <u>Bonds Secured by Pledge of Net Revenues; Lien Position</u>	
<u>with Respect to Prior Bonds</u>	42
Section 7.04. <u>Initial Schedule of Rates and Charges</u>	42
Section 7.05. <u>Sale of the System</u>	43
Section 7.06. <u>Issuance of Other Obligations Payable Out of Revenues and</u>	
<u>General Covenant Against Encumbrances</u>	44
Section 7.07. <u>Parity Bonds</u>	44
Section 7.08. <u>Books; Records and Audit</u>	46
Section 7.09. <u>Rates</u>	48
Section 7.10. <u>Operating Budget and Monthly Financial Report</u>	48
Section 7.11. <u>Engineering Services and Operating Personnel</u>	49
Section 7.12. <u>No Competing Franchise</u>	49
Section 7.13. <u>Enforcement of Collections</u>	49
Section 7.14. <u>No Free Services</u>	50
Section 7.15. <u>Insurance and Construction Bonds</u>	50
Section 7.16. <u>Completion and Operation of Project; Permits and Orders</u>	51
Section 7.17. <u>Compliance With Loan Agreement and Law</u>	52
Section 7.18. <u>Contracts; Public Releases</u>	52
Section 7.19. <u>Connections</u>	52
Section 7.20. <u>Statutory Mortgage Lien</u>	52
Section 7.21. <u>Securities Laws Compliance</u>	53
Section 7.22. <u>Wetlands Covenant</u>	53
ARTICLE VIII – INVESTMENT OF FUNDS	54
Section 8.01. <u>Investments</u>	54
Section 8.02. <u>Certificate as to Use of Proceeds</u>	54
ARTICLE IX – DEFAULT AND REMEDIES	56
Section 9.01. <u>Events of Default</u>	56
Section 9.02. <u>Remedies</u>	56
Section 9.03. <u>Appointment of Receiver</u>	56
ARTICLE X – PAYMENT OF BONDS	58
Section 10.01. <u>Payment of Series 2004 Bonds</u>	58

ARTICLE XI – MISCELLANEOUS	59
Section 11.01. <u>Amendment or Modification of Bond Legislation</u>	59
Section 11.02. <u>Bond Legislation Constitutes Contract</u>	59
Section 11.03. <u>Severability of Invalid Provisions</u>	59
Section 11.04. <u>Headings, Etc</u>	59
Section 11.05. <u>Conflicting Provisions Repealed</u>	59
Section 11.06. <u>Covenant of Due Procedure, Etc</u>	59
Section 11.07. <u>Public Notice of Proposed Financing</u>	60
Section 11.08. <u>Effective Time</u>	60

MINERAL WELLS PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS SYSTEM OF THE MINERAL WELLS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE MINERAL WELLS PUBLIC SERVICE DISTRICT OF NOT MORE THAN FOUR MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS (\$4,530,000) IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS IN TWO SERIES, THE FIRST SERIES TO BE DESIGNATED "WATER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA INFRASTRUCTURE FUND)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED THREE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$3,750,000), AND THE SECOND SERIES TO BE DESIGNATED "WATER REVENUE BONDS, SERIES 2004B (UNITED STATES DEPARTMENT OF AGRICULTURE)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO THE SERIES 2004A BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE MINERAL WELLS PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the “Bond Legislation”) is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended the (collectively, “Act”), and other applicable provisions of law.

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

A. The Mineral Wells Public Service District (the “Issuer”) is a public service district, public corporation and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties of said State, created by The County Commission of Wood County.

B. The Issuer presently owns and operates a public waterworks system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain extensions, additions, betterments and improvements to the Issuer’s existing waterworks system, including the extensions, additions, betterments and improvements described in Exhibit A hereto (collectively, the “Project”) (the Issuer’s existing waterworks system, the Project and any further additions, extensions, betterments and improvements thereto are herein called the “System”) in accordance with the plans and specifications prepared by Cerrone Associates, Inc., Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Series 2004 Bonds and the Prior Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

D. It is further deemed necessary for the Issuer to issue its Series 2004 Bonds in the total aggregate principal amount of not more than \$4,530,000, in two series, being the Water Revenue Bonds, Series 2004A (West Virginia Infrastructure Fund) (the “Series 2004A Bonds”) and the Water Revenue Bonds, Series 2004B (United States Department of Agriculture) (the “Series 2004B Bonds”)(collectively referred to herein as the “Series 2004 Bonds”), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2004 Bonds prior to and during construction and acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2004 Bonds Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), initial fees for the services of

registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2004 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2004 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

E. The estimated maximum cost of the acquisition and construction of the Project and the issuance of the Series 2004 Bonds is \$5,560,000 of which \$4,530,000 will be obtained from the sale of the Series 2004 Bonds described above and the balance of which, not to exceed \$1,030,000, will be obtained in the form of a grant from the United States Department of Agriculture, Rural Utilities Service (the "RUS") in the amount of \$780,000 and a grant from the West Virginia Infrastructure and Jobs Development Council (the "Council") in the amount of \$250,000.

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

G. It is in the best interest of the Issuer that its Series 2004A Bond be issued and sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority, acting on behalf of the Council (the "Loan Agreement"), the execution, delivery and form of which are ratified and approved herein.

H. It is in the best interest of the Issuer that its Series 2004B Bond be issued and sold to the Purchaser (as hereinafter defined) pursuant to the Letter of Conditions dated February 2, 2001 (as supplemented and amended, the "Letter of Conditions").

I. There are outstanding obligations of the Issuer which will rank on parity with the Series 2004 Bonds as to liens and sources of and security for payment, which obligations (collectively, the "Prior Bonds") are designated and have the lien positions, together with the Series 2004 Bonds, as follows:

<u>Designation</u>	<u>Lien Position</u>
Water System Revenue Bonds, Series 1969, dated October 7, 1969 (the "Series 1969 Bonds"), issued in the original aggregate principal amount of \$322,000	First Lien
Water Revenue Bond, Series 1979, dated January 7, 1980 (the "Series 1979 Bond"), issued in the original principal amount of \$430,000	First Lien

Water Revenue Bond, Series 1997A,
dated August 14, 1997 (the "Series 1997A Bond"),
issued in the original principal amount
of \$650,000

First Lien

Water Revenue Bond, Series 1999A,
dated September 23, 1999 (the "Series 1999A Bond"),
issued in the original principal amount
of \$700,000

First Lien

Water Revenue Bond Series 1999B,
dated September 23, 1999 (the "Series 1999B Bond"),
issued in the original principal amount
of \$2,012,000

First Lien

The Series 2004 Bonds shall be issued on parity with the Prior Bonds with respect to liens, pledges and sources of and security for payment and in all other respects. The Issuer has received, or will receive prior to the bond closing date the consent of the registered owners of the Prior Bonds to the issuance of the Series 2004 Bonds on a parity with the Prior Bonds and the certificate of an Independent Certified Public Accountant stating that the coverage test on the Prior Bonds is met. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by the revenues or assets of the System.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement and the Letter of Conditions relating to authorization of the planning, development, design, acquisition, construction and operation of the Project and the System and issuance of the Series 2004 Bonds or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Council, and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which has expired prior to the issuance of the Series 2004 Bonds or has been waived by all necessary parties.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2004 Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds, as the case may be, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

“Act” means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

“Authority” means the West Virginia Water Development Authority, or any other agency of the State of West Virginia that succeeds to the functions of the Authority, which is expected to be the original purchaser of the Series 2004A Bonds.

“Authorized Officer” means the Chairman of the Public Service Board of the Issuer or any other officer of the Issuer duly appointed by the Governing Body.

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

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

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

“Bonds” means, collectively, the Prior Bonds, the Series 2004 Bonds and, where appropriate, any bonds on a parity therewith authorized to be issued hereunder or by another resolution of the Issuer.

“Certificate of Authentication and Registration” means the certificate of authentication and registration on the Series 2004 Bonds in substantially the forms set forth in the bond forms contained herein.

“Chairman” means the Chairman of the Governing Body or any temporary Chairman duly appointed by the Governing Body.

“Closing Date” means the date upon which there is an exchange of the Series 2004 Bonds for an advance of more than a de minimis amount of the principal of the Series 2004 Bonds by the Authority and the Purchaser, respectively.

“Code” means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and the Regulations.

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

“Consulting Engineers” means Cerrone Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of professional engineers, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions, that shall at any time hereafter be retained by the Issuer as Consulting

Engineers for the System in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

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

“Council” means the West Virginia Infrastructure and Jobs Development Council or any successors thereof.

“Depository Bank” means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

“Depreciation Reserve established by the 1969 Resolution” means the Depreciation Reserve established by the Series 1969 Bond Resolution (as hereinafter defined) with the Commission and continued by Section 5.02 hereof.

“Depreciation Reserve established by the 1979 Resolution” means the Depreciation Reserve established by the Series 1979 Bond Resolution (as hereinafter defined) with the Bank and continued by Section 5.01 hereof.

“Event of Default” means any occurrence or event specified in Section 9.01.

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

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

“Governing Body” means the Public Service Board of the Issuer, as it may now or hereafter be constituted.

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

“Grants” means, collectively, a grant from the Purchaser in the amount of \$780,000 and a grant from the Council in the amount of \$250,000, each such grant being for the Project.

“Gross Revenues” means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

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

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

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

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

“Issuer” means Mineral Wells Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

“Letter of Conditions” means, collectively, the Letter of Conditions of the Purchaser dated February 2, 2001, and all amendments thereto.

“Loan Agreement” shall mean the Loan Agreement entered into or to be entered into by and between the Issuer and the Authority on behalf of the Council, providing for the purchase of the Series 2004A Bonds from the Issuer by the Authority, attached hereto as Exhibit B, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

“Net Proceeds” means the face amount of the Series 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2004 Bonds Reserve Accounts, if any. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2004 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

“Nonpurpose Investment” means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 2004 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2004 Bonds.

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

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

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

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

“Paying Agent” means the Commission, or such other entity or authority as may be designated as a Paying Agent for the Series 2004A Bonds by the Issuer.

“Prior Bonds” means, collectively, the Series 1969 Bonds, the Series 1979 Bond, the Series 1997A Bond, the Series 1999A Bond, and the Series 1999B Bond.

“Prior Resolutions” means, collectively, the Series 1969 Bonds Resolution; the Series 1979 Bond Resolution; the Series 1997A Bond Resolution; the Series 1999A Bond Resolution; and the Series 1999B Bond Resolution, each as supplemented and amended.

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

“Project” means the extensions, additions, betterments and improvements to the Issuer’s existing waterworks system, including the extensions, additions, betterments and improvements described in Exhibit A hereto.

“PSC” means the Public Service Commission of West Virginia or any successors thereof.

“Purchaser” or “Government” means the United States of America as the purchaser of the Series 2004B Bonds and the Holder of the Prior Bonds.

“Qualified Investments” means and includes any of the following:

- (a) Government Obligations;

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

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

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

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

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

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

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

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

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

“Registrar” means the Bond Registrar.

“Regulations” means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

“Resolution” means, collectively, this resolution and any resolution of the Governing Body supplemental hereto.

“Reserve Accounts” means, collectively, the respective Reserve Accounts established for the Series 2004 Bonds and the Prior Bonds.

“Reserve Requirement” means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2004 Bonds and Prior Bonds.

“Revenue Fund” means the Revenue Fund established or continued by Section 5.01 hereof.

“Secretary” means the Secretary of the Governing Body.

“Series 1969 Bonds” means the Water System Revenue Bonds, Series 1969, of the Issuer, dated October 7, 1969, issued in the original principal amount of \$322,000, bearing interest at the rate of 5% per annum.

“Series 1969 Bonds Resolution” means the Resolution adopted by the Issuer on October 7, 1969, authorizing the issuance of the Series 1969 Bonds, as supplemented and amended.

“Series 1979 Bond” means the Water Revenue Bond, Series 1979, of the Issuer, dated January 7, 1980, issued in the original principal amount of \$430,000, bearing interest at the rate of 5% per annum.

“Series 1979 Bond Resolution” means the Resolution adopted by the Issuer on January 7, 1980, authorizing the issuance of the Series 1979 Bond, as supplemented and amended.

“Series 1997A Bond” means the Water Revenue Bond, Series 1997A, of the Issuer, dated August 14, 1987, issued in the original principal amount of \$650,000, bearing interest at the rate of 4.875% per annum.

“Series 1997A Bond Resolution” means the Resolution adopted by the Issuer on August 6, 1997, authorizing the issuance of the Series 1997A Bond, as supplemented and amended.

“Series 1999A Bond” means the Water Revenue Bond, Series 1999A, of the Issuer, dated September 23, 1999, issued in the original principal amount of \$700,000, bearing interest at the rate of 4.75% per annum.

“Series 1999A Bond Resolution” means the Resolution adopted by the Issuer on September 23, 1999, authorizing the issuance of the Series 1999A Bond, as supplemented and amended.

“Series 1999B Bond” means the Water Revenue Bond, Series 1999B, of the Issuer, dated September 23, 1999, issued in the original principal amount of \$2,012,000, bearing interest at the rate of 5.125% per annum.

“Series 1999B Bond Resolution” means the Resolution adopted by the Issuer on September 23, 1999, authorizing the issuance of the Series 1999B Bond, as supplemented and amended.

“Series 2004 Bonds” means collectively the Series 2004A Bonds and the Series 2004B Bonds.

“Series 2004 Bonds Construction Trust Funds” means, collectively, the Series 2004A Bonds Construction Trust Fund and the Series 2004B Bonds Construction Trust Fund.

“Series 2004 Bonds Reserve Accounts” means collectively the Series 2004A Bonds Reserve Account and the Series 2004B Bonds Reserve Account.

“Series 2004A Bonds” means the Water Revenue Bonds, Series 2004A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution, in the original aggregate principal amount of \$3,750,000.

“Series 2004A Bonds Construction Trust Fund” means the Series 2004A Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2004A Bonds Reserve Account” means the Series 2004A Bonds Reserve Account established in the Series 2004A Bonds Sinking Fund pursuant to Section 5.02 hereof.

“Series 2004A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal which will become due on the Series 2004A Bonds in the then concurrent or any succeeding year.

“Series 2004A Bonds Sinking Fund” means the Series 2004A Bonds Sinking Fund established pursuant to Section 5.02 hereof.

“Series 2004B Bonds” means the Water Revenue Bonds, Series 2004B (United States Department of Agriculture), of the Issuer, authorized by this Resolution, in the original aggregate principal amount of \$780,000.

“Series 2004B Bonds Construction Trust Fund” means the Series 2004B Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2004B Bonds Reserve Account” means the Series 2004B Bonds Reserve Account established pursuant to Section 5.02 hereof.

“Series 2004B Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004B Bonds in the then concurrent or any succeeding year.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Series 2004 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2004 Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, as further defined in Section 5.03(B) hereof.

“System” means the complete existing waterworks system now owned by the Issuer, consisting of a waterworks system in its entirety or any integral part thereof, including all mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, equipment, furniture, fixtures, purification plants and softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks system from any sources whatsoever, both within and without the Issuer.

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

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

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof,” and any similar terms refer to this Resolution; and the term “hereafter” means after the date of enactment of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$5,560,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The foregoing Project costs, including without limitation costs associated with the issuance of the Series 2004 Bonds, shall be paid with the proceeds of the Series 2004 Bonds and the Grants. The proceeds of the Series 2004 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the financing plan submitted to the Authority, the Council and the Purchaser.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2004 Bonds, funding reserve accounts for the respective Series 2004 Bonds, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2004 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued negotiable Series 2004 Bonds of the Issuer, in an aggregate principal amount of not more than \$4,530,000. The Series 2004 Bonds shall be issued in two series, the first series to be designated "Water Revenue Bonds, Series 2004A (West Virginia Infrastructure Fund)," in the aggregate principal amount of \$3,750,000, and the second series to be designated "Water Revenue Bonds, Series 2004B (United States Department of Agriculture)," in the aggregate principal amount of \$780,000, and shall have such terms as set forth hereinafter or in the Supplemental Resolution. The proceeds of the Series 2004 Bonds remaining after the funding of the Series 2004 Bonds Reserve Accounts (if funded from the Bond proceeds), capitalization of interest, if any, shall be deposited in or credited to the respective Series 2004 Bonds Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2004A Bonds shall be issued initially in the form of a single bond No. AR-1, fully registered to the Authority, with a debt service schedule attached, and shall bear no interest, and shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2004A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America.

B. The Series 2004B Bonds shall be issued initially in the form of a single bond, No. BR-1, fully registered to the United States of America and shall be dated the Closing Date. The Series 2004B Bonds shall bear interest, from date, payable monthly at the rate of 4.375% per annum, and shall be sold at the par value thereof. The Series 2004B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as set forth in the bond form hereinafter set forth.

The Series 2004 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that neither the Authority nor the Purchaser shall be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2004 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Series 2004 Bonds shall cease to be such officer of the Issuer before the Series 2004 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2004 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2004 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar with respect to the Series 2004A Bonds and by the Issuer with respect to the Series 2004B Bonds. Any such executed Certificate of Authentication and Registration upon any such Series 2004 Bond shall be conclusive evidence that such Series 2004 Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2004A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2004A Bonds issued hereunder. The Certificate of Authentication and Registration on any Series 2004B Bond shall be deemed to have been executed by the Issuer, as bond registrar for the Series 2004B Bonds, if manually signed by the Chairman, Secretary or any other authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2004B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2004 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Series 2004 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2004A Bonds remain Outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain the books for the registration and transfer of the Series 2004A Bonds. So long as any of the Series 2004B Bonds remain Outstanding, the

Issuer shall keep and maintain the books for the registration and transfer of the Series 2004B Bonds.

The registered Series 2004A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorized attorney. The registered Series 2004B Bonds shall be transferable only upon the books of the Issuer, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Issuer, duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2004A Bonds or transferring the registered Series 2004A Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2004A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2004A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2004A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2004A Bonds or, in the case of any proposed redemption of Series 2004A Bonds, next preceding the date of the selection of Series 2004A Bonds to be redeemed, and ending on such interest payment date or redemption date.

In all cases in which the privilege of exchanging Series 2004B Bonds or transferring the registered Series 2004B Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2004B Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2004B Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2004B Bonds or, in the case of any proposed redemption of Series 2004B Bonds, next preceding the date of the selection of Series 2004B Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar with respect to the Series 2004A Bonds, if so advised by the Issuer, and the Issuer with respect to the Series 2004B Bonds shall authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar with respect to the Series 2004A Bonds and the Issuer with respect to the Series 2004B Bonds and

held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 2004A Bonds Sinking Fund and the Series 2004 Bonds Reserve Accounts. No holder or holders of any of the Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2004 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all the Series 2004 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2004 Bonds and the Prior Bonds and to make the payments into all funds and accounts either existing or hereinafter established are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2004 Bonds and Prior Bonds as the same become due.

Section 3.09. Delivery of Bonds. A. The Issuer shall execute and deliver the Series 2004A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2004A Bonds to the original purchasers upon receipt of the documents set forth below:

- (1) If other than the Authority, a list of the names in which the Series 2004A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- (2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004A Bonds to the original purchasers;
- (3) An executed and certified copy of the Bond Legislation;
- (4) An executed copy of the Loan Agreement; and
- (5) The approving opinion of bond counsel on the Series 2004A Bonds.

B. With respect to the Series 2004B Bonds, the Chairman is hereby authorized and directed to cause such Series 2004B Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be authenticated by the Issuer and delivered to Purchaser on the date of delivery of the Series 2004B Bonds.

Section 3.10. Forms of Series 2004 Bonds. The text of the Series 2004 Bonds shall be in substantially the following respective forms, with such omissions, insertions and variations as

may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 2004A Bond]

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2004A
(WEST VIRGINIA INFRASTRUCTURE FUND)**

No. AR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That MINERAL WELLS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of _____ DOLLARS (\$_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing on _____, _____, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

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

This Bond may only be redeemed prior to its stated date of maturity in whole or in part but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, acting on behalf of the Council, dated _____, 20__.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on _____, 20__ and a Supplemental Resolution duly adopted by the Issuer on _____, 20__ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and

secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE WATER SYSTEM REVENUE BONDS, SERIES 1969, OF THE ISSUER, DATED OCTOBER 7, 1969, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$322,000 (THE "SERIES 1969 BONDS"); (2) THE WATER REVENUE BOND, SERIES 1979, OF THE ISSUER, DATED JANUARY 7, 1980, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$430,000 (THE "SERIES 1979 BOND"); (3) THE WATER REVENUE BOND, SERIES 1997A, OF THE ISSUER, DATED AUGUST 14, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$650,000 (THE "SERIES 1997A BOND"); (4) THE WATER REVENUE BOND, SERIES 1999A, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000 (THE "SERIES 1999A BOND"); (5) THE WATER REVENUE BOND, SERIES 1999B, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$2,012,000 (THE "SERIES 1999B BOND"); (THE SERIES 1969 BONDS, THE SERIES 1979 BOND, THE SERIES 1997A BOND, THE SERIES 1999A BOND AND THE SERIES 1999B BOND ARE COLLECTIVELY REFERRED TO HEREIN AS THE "PRIOR BONDS"); AND (6) THE WATER REVENUE BONDS, SERIES 2004B (UNITED STATES DEPARTMENT OF AGRICULTURE), OF THE ISSUER, DATED _____, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$780,000 (THE "SERIES 2004B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of the Net Revenues in favor of the holders of the Prior Bonds and the Series 2004B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2004A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2004A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2004B Bonds, provided however, that so long as there exists in the Series 2004A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2004B Bonds, an amount at least equal to the

requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

IN WITNESS WHEREOF, the MINERAL WELLS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2004.

MINERAL WELLS PUBLIC SERVICE DISTRICT

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2004A Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____,

as Registrar

By _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	<u>Amount</u>	<u>Date</u>		<u>Amount</u>	<u>Date</u>
(1)	\$		(7)	\$	
(2)	\$		(8)	\$	
(3)	\$		(9)	\$	
(4)	\$		(10)	\$	
(5)	\$		(11)	\$	
(6)	\$		(12)	\$	

Total \$_____

EXHIBIT B
DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, 20____.

In the presence of:

[Form of Series 2004B Bond]

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2004B
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

No. BR-_____

\$_____

MINERAL WELLS PUBLIC SERVICE DISTRICT, a public service district and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties of said State (the "Issuer"), for value received, promises to pay to the order of the United States of America, (the "Purchaser"), or its registered assigns, at its National Finance Office, St. Louis, Missouri, 63103, or at such other place as the Purchaser may hereafter designate in writing, the principal sum of SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000.00), plus interest on the unpaid principal balance at the rate of [_____ per cent (_____%)] per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount hereof is not advanced at the time of closing, the proceeds hereof shall be advanced to Issuer as requested by Issuer and approved by the Purchaser and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made hereon shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Refunds and extra payments, as defined in the regulations of the Purchaser according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the United States of America at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the United States of America as collection agent for the Holder.

While this Bond is held by an insured lender, prepayments made by Issuer may, at the option of the Purchaser, be remitted by the Purchaser to the Holder promptly or, except for final payment, be retained by the Purchaser and remitted to the Holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Purchaser on an annual installment due date basis, shall be the date of the United States Treasury check by which the Purchaser remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Purchaser to the Holder on an annual installment due date basis shall be the date of the prepayment by Issuer and the Purchaser will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

Any amount advanced or expended by the Purchaser for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Purchaser shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Purchaser without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Purchaser.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing such funds for financing costs of construction of repairs, replacements and improvements to the waterworks system (the "System") of the Issuer, is payable solely from the Revenues to be derived from the operation of the System after there have been first paid from such Revenues the reasonable current costs of operation and maintenance of the System. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Secretary of the Issuer, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolutions hereinafter described, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Secretary of the Issuer.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the

Code of West Virginia of 1931, as amended (herein called the "Act"), the Bond Resolution and Supplemental Resolution of the Issuer adopted on _____, 2004 (the "Resolution").

If at any time it shall appear to the Purchaser that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at Purchaser's request, apply for and accept such loan in sufficient amount to repay the Purchaser.

This Bond is given as evidence of a loan to Issuer made or insured by the Purchaser pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and its successors and assigns and to future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE WATER SYSTEM REVENUE BONDS, SERIES 1969, OF THE ISSUER, DATED OCTOBER 7, 1969, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$322,000; (2) THE WATER REVENUE BOND, SERIES 1979, OF THE ISSUER, DATED JANUARY 7, 1980, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$430,000; (3) THE WATER REVENUE BOND, SERIES 1997A, OF THE ISSUER, DATED AUGUST 14, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$650,000; (4) THE WATER REVENUE BOND, SERIES 1999A, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000; (5) THE WATER REVENUE BOND, SERIES 1999B, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$2,012,000; AND (6) THE WATER REVENUE BOND, SERIES 2004A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE ISSUER, DATED _____, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$3,750,000.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of the Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion of wetlands to produce an agricultural commodity.

IN WITNESS WHEREOF, the MINERAL WELLS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2004.

MINERAL WELLS PUBLIC SERVICE
DISTRICT

Attest:

Secretary, Public Service Board

By:

Chairman, Public Service Board

[CORPORATE SEAL]

RECORD OF ADVANCES			
AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL.....\$			

(No writing on this Bond except by the Issuer as Registrar.)

Date of
Registration

In Whose Name
Registered

Signature of
Secretary or Registrar

_____, 2004

United States of America
Post Office Box 678
Morgantown, West Virginia 26505

ASSIGNMENT

Pay to the Order of

UNITED STATES OF AMERICA

By: _____

(Title)

Section 3.11. Sale of Series 2004 Bonds; Approval and Ratification of Execution of Loan Agreement with Authority. A. The Series 2004A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and ratified. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement substantially in the form attached hereto as Exhibit B and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

B. The Series 2004B Bond shall be sold to the Purchaser pursuant to the terms and conditions of the Letter of Conditions.

Section 3.12. Series 2004 Bonds are Issued as Parity Bonds With Respect to Prior Bonds. The Series 2004 Bonds are issued as and shall constitute parity bonds with respect to the Prior Bonds. The Issuer has received the consent of the Holder of all of the Outstanding Prior Bonds for the issuance of the Series 2004 Bonds on a parity with the Prior Bonds.

Section 3.13. Filing of "Amended Schedule". Upon completion of acquisition and construction of the Project, the Issuer will file with the Council and the Authority an amended schedule, the form of which will be provided by the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- A. Revenue Fund (created or continued by the Prior Resolutions)
- B. Series 1979 Bond Reserve Fund (created by the Series 1979 Bond Resolution);
- C. Series 1997A Bond Reserve Account (created by the Series 1997A Bond Resolution);
- D. Series 1999A Bond Reserve Account (created by the Series 1999A Bond Resolution);
- E. Series 1999B Bond Reserve Account (created by the Series 1999B Bond Resolution);
- F. Depreciation Reserve established by the 1979 Resolution (created by the Series 1979 Bond Resolution);
- G. Series 2004A Bonds Construction Trust Fund; and
- H. Series 2004B Bonds Construction Trust Fund.

Section 5.02. Establishment or Continuance of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by the Prior Resolutions) with the Commission:

- A. Series 1969 Bonds Sinking Fund (created by the Series 1969 Bonds Resolution);
- B. Within the Series 1969 Bonds Sinking Fund, the Series 1969 Bonds Reserve Account (created by the Series 1969 Bonds Resolution);
- C. Depreciation Reserve established by the 1969 Resolution (created by the Series 1969 Bonds Resolution);
- D. Series 2004A Bonds Sinking Fund;
- E. Within the Series 2004A Bonds Sinking Fund, the Series 2004A Bonds Reserve Account; and

F. Series 2004B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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

1. The Issuer shall first each month pay from the monies in the Revenue Fund all current Operating Expenses of the System.

2. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) make the interest payments on the Prior Bonds in the amounts required by the Prior Resolutions; and (ii) remit to the National Finance Office designated in the Series 2004B Bonds the amount required to pay the interest on the Series 2004B Bonds as set forth in the Series 2004B Bonds.

3. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) make the principal payments on the Prior Bonds in the amounts required by the Prior Resolutions; (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2004A Bonds, for deposit in the Series 2004A Bonds Sinking Fund, an amount equal to one-third of the amount of principal which will mature and become due on the Series 2004A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004A Bonds Sinking Fund and the next quarterly principal payment date is less than three months, then such monthly payment shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iii) remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2004B Bonds, the amount of principal due on the Series 2004B Bonds as set forth in the Series 2004B Bonds.

4. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) make the reserve account payments into the Reserve Accounts of the Prior Bonds in the amounts required by the Prior Resolutions; (ii) commencing the month following the completion of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2004A Bonds, remit to the Commission for deposit in the Series 2004A Bonds Reserve Account, an amount equal to 1/120 of the Series 2004A Bonds Reserve Requirement, until the amount in the Series 2004A Bonds Reserve Account equals the Series 2004A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2004A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2004A Bonds Reserve Requirement; and (iii) commencing the month following the completion of the Project as certified by the Consulting Engineers if not fully funded upon issuance of the Series 2004B Bonds, remit to the Commission for deposit in the Series 2004B Bonds Reserve

Account, an amount equal to 1/240 of the Series 2004B Bonds Reserve Requirement until the amount in the Series 2004B Bonds Reserve Account equals the Series 2004B Bonds Reserve Requirement.

5. The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer (i) to the Depreciation Reserve established with the Commission by the 1969 Resolution the amount required by the 1969 Resolution to be deposited therein, and (ii) to the Depreciation Reserve established with the Depository Bank by the 1979 Resolution the greatest of (a) the amount required by the 1979 Resolution to be deposited therein, (b) an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payment for account of any Reserve Account and reduced by any amount deposited in the Depreciation Reserve established with the Commission by the 1969 Resolution; or (c) 1/240 of the Series 2004B Bonds Reserve Requirement until the amount in the Series 2004B Bonds Reserve Account equals the Series 2004B Bonds Reserve Requirement and thereafter, 1/120 of the Series 2004B Bonds Reserve Requirement, so long as the Series 2004B Bonds are outstanding. Moneys in the Depreciation Reserve established by the 1969 Resolution shall be used first to make up deficiencies in the Series 1969 Bonds Sinking Fund for monthly payments of the principal of and interest on the Series 1969 Bonds as the same become due, and next to restore to the Series 1969 Bonds Reserve Account. Thereafter, and provided that payments into the Series 1969 Bonds Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Account established by the 1969 Resolution may be withdrawn by the Issuer and used for extraordinary repairs and for capital replacements, improvements or additions and capital equipment for the System, or any part thereof. Moneys in the Depreciation Reserve established by the 1979 Resolution shall be used first to make up any deficiencies for monthly payments of the principal and interest on the Series 1979 Bond, the Series 1997A Bond, the Series 1999A Bond, the Series 1999B Bond and the Series 2004 Bonds as the same become due, and next to restore to the Series 1979 Bond Reserve Fund, the Series 1997A Bond Reserve Account, the Series 1999A Bond Reserve Account, the Series 1999B Bond Reserve Account, the Series 2004A Bond Reserve Account and the Series 2004B Bond Reserve Account any sums transferred therefrom, and in the event there are not sufficient moneys in the Depreciation Account established by the 1979 Resolution to make the transfer required by this sentence, such transfers shall be made on a pro rata basis. Thereafter, and provided that payments into the Series 1979 Bond Reserve Fund, the Series 1997A Bond Reserve Account, the Series 1999A Bond Reserve Account, the Series 1999B Bond Reserve Account, the Series 2004A Bond Reserve Account and the Series 2004 B Bond Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Account established by the 1979 Resolution may be withdrawn by the Issuer and used for extraordinary repairs and for capital replacements, improvements or additions and capital equipment for the System, or any part thereof.

Moneys in the Series 2004A Bond Sinking Fund shall be used only for the purposes of paying principal of the Series 2004A Bond as the same shall become due. Moneys in the Series 2004A Bond Reserve Account shall be used only for the purpose of paying principal of the Series 2004A Bond, as the same shall come due, when other moneys in the Series 2004A Bond Sinking Fund are insufficient therefor, and for no other purpose.

Moneys in the Series 2004B Bond Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2004B Bond, as the same shall come due, when other moneys in the Revenue Fund are insufficient therefor, for prepayment of installments on the Series 2004B Bond or for mandatory prepayment of the Series 2004B Bond as provided herein, and for no other purpose.

All investment earnings on moneys in the Series 2004A Bond Sinking Fund and the Series 2004A Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2004A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full to the next ensuing principal payment due on the Series 2004A Bonds.

All investment earnings on moneys in the Series 2004B Bonds Reserve Account shall be withdrawn, not less than once each year, from the Depository Bank by the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2004B Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing installment of principal and interest due on the Series 2004B Bonds.

Any withdrawals from the Series 2004 Bonds Reserve Accounts which result in a reduction in the balance of the respective Series 2004 Bonds Reserve Accounts to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority set forth above.

As and when additional Bonds ranking on a parity with the Series 2004 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in a amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the respective Series 2004 Bonds Sinking Funds, or into the respective Series 2004 Bonds Reserve Accounts when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the respective Series 2004 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise shall be made on a parity and pro rata with respect to the Prior Bonds and the Series 2004 Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2004A Bonds Sinking Fund, the Series 2004A Bonds Reserve Account and the Series 2004B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority in writing at any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 2004A Bonds Sinking Fund, the Series

2004A Bonds Reserve Account and the Series 2004B Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2004A Bonds Sinking Fund and the Series 2004 Bonds Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2004A Bonds Sinking Fund and the Series 2004 Bonds Reserve Accounts shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Series 2004 Bonds.

Whenever the money in the Series 2004B Bonds Reserve Account shall be sufficient to prepay the Series 2004B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2004B Bonds at the earliest practical date and in accordance with the applicable provisions hereof.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the next succeeding business day of each month), deposit with the Commission the required principal and reserve account payments with respect to the Series 2004A Bonds and the reserve payments with respect to the Series 2004B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

F. The moneys in excess of the maximum amounts insured by FDIC in any of the funds and accounts shall at all times be secured, to the full extent thereof in excess of such

insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

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

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

J. The Issuer shall, prior to the delivery of the Series 2004B Bonds, have at least 285 bona fide users of the System located within the Project area.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 2004 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2004A Bonds, there shall first be deposited with the Commission in the Series 2004A Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 2004A Bonds Reserve Account, and from the proceeds of the Series 2004B Bonds, there shall first be deposited with the Commission in the Series 2004B Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 2004B Bonds Reserve Account.

B. Next, from the proceeds of the Series 2004 Bonds, there shall first be credited to the respective Series 2004 Bonds Construction Trust Funds and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, together with interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

C. As the Issuer receives advances of the remaining moneys derived from the sale of such Series 2004A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2004A Bonds Construction Trust Fund. The monies in the Series 2004A Bonds Construction Trust Fund shall be applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 and until so transferred or expended, are hereby pledged as additional security for the Series 2004A Bonds.

D. As the Issuer receives advances of the remaining moneys derived from the sale of such Series 2004B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2004B Bonds Construction Trust Fund. The monies in the Series 2004B Bonds Construction Trust Fund shall be applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 and until so transferred or expended, are hereby pledged as additional security for the Series 2004B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2004A Bonds shall be expended as directed by the Authority and the Council and any remaining proceeds of the Series 2004B Bonds shall be expended in accordance with the regulations of the Purchaser.

Section 6.02. Disbursements From the Series 2004 Construction Trust Funds. A. With respect to the Series 2004A Bonds, the Issuer shall each month provide the Council with a requisition for the costs incurred for the Project together with such documentation as the Council shall require. Payments for costs of the Project from the proceeds of the Series 2004A Bond shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004A Bonds Construction Trust Fund shall be made only after submission to, and approval from the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

1. None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
2. Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
3. Each of such costs has been otherwise properly incurred; and
4. Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 2004A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend the proceeds of the Series 2004A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

B. With respect to the Series 2004B Bonds, The moneys in the Series 2004B Bonds Construction Trust Fund in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the Series 2004B Bonds Construction Trust Fund shall be expended by the Issuer solely for the purposes provided herein.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Series 2004B Bonds Construction Trust Fund and pay to the Purchaser on or before the due date thereof, such sums as shall be from time to time required to make the monthly installment payments on the Series 2004B Bonds if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Series 2004B Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

If the Issuer shall determine at any time that all funds on deposit in the Series 2004B Bonds Construction Trust Fund exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in Government Obligations which shall mature not later than eighteen (18) months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Series 2004B Bonds Construction Trust Fund.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2004 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Series 2004 Bonds or the interest thereon is Outstanding and unpaid. Further, all the covenants, agreements and provisions of the Prior Resolutions shall remain in full force and effect so long as any of the Prior Bonds remain Outstanding.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay said Series 2004 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2004 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on parity with the lien on said Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2004 Bonds and to make the payments into the sinking funds, including the reserve accounts therein, and all other payments provided for in the Bond Legislation and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Series 2004 Bonds and the Prior Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the Recommended Decision of the PSC in Case No. 02-1050-PWD-CN, entered February 18, 2003, which Recommended Decision became the Final Order of the PSC on March 10, 2003, and which rates are incorporated herein by reference as a part hereof and are hereby adopted.

So long as any of the Series 2004 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such

actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2004 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent and in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2004 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Authority and the Purchaser, 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 Series 2004 Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2004 Bonds, be immediately remitted to the Commission and to the National Finance Office and applied to the payment of principal of and interest, if any, on the Series 2004 Bonds. Any balance remaining after the payment of all the Series 2004 Bonds and Prior Bonds and interest thereon shall be remitted to the Issuer by the Commission and the Purchaser unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$50,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Reserve established by the 1979 Resolution. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 but not in excess of \$200,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Depreciation Reserve established by the 1979 Resolution. Such payment of such proceeds into the Depreciation Reserve established by the 1979 Resolution shall not reduce the amounts required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or

other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay the Series 2004 Bonds and Prior Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Series 2004 Bonds and Prior Bonds then outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Series 2004 Bonds and Prior Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07, so long as any of the Series 2004 Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2004 Bonds. All obligations issued by the Issuer after the issuance of the Series 2004 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2004 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2004 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2004 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as any of the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the respective Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 Bonds, and must have the prior written consent of the Purchaser, the Authority and the Council.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, construction or acquisition of extensions, improvements or betterments to the System or refunding the Prior Bonds, the Series 2004 Bonds issued pursuant hereto or one or more subsequent series of Parity Bonds, or both such purposes.

So long as the Series 2004B Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net

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

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

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2004B Bonds, representing 75% of the then outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2004B Bonds are no longer Outstanding, the following parity requirements shall be met:

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer and approved by the PSC, the period for appeal of which has expired (without successful appeal) prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accounts, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the said Independent Certified Public Accountants on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the PSC, the period for appeal of which has expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2004 Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation or separate resolution authorized said parity Bonds required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2004 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2004 Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Resolutions with respect to the Series 2004 Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds

issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Authority, the Council and the Purchaser, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation with respect to said Bonds and Prior Bonds and the status of all said funds and accounts.

C. The amount of any Bonds or other obligations outstanding.

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

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

The Issuer shall permit the Authority, the Council and the Purchaser, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority, the Council and the Purchaser, or their agents

and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Purchaser with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including without limitation the Prior Bonds; provided that, (i) in the event that amounts equal to or in excess of the reserve requirements are on deposit, respectively, in the Series 2004 Bonds Reserve Accounts and reserve accounts for obligations on a parity with the Series 2004 Bonds, including without limitation the Prior Bonds, are funded at least at the requirement therefor, or (ii) in the event the Series 2004A Bonds are no longer outstanding, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including without limitation the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate schedule described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the Council and the Purchaser within 30 days of adoption thereof. The Issuer, with the approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. If the budget is so amended, a copy of the amended budget shall be submitted to the Authority, the Council and the Purchaser within 15 days of the adoption of such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be

made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the Council and the Purchaser and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System so long as the Series 2004 Bonds are Outstanding.

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

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

regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the service of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and the Issuer shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Series 2004 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies will be placed in the Depreciation Reserve established by the 1979 Resolution and shall be used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Reserve established by the 1979 Resolution. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the Purchaser, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such

insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority, the Council and the Purchaser. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Purchaser, the Issuer, the prime contractor and all subcontractors, as their interest may appear. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-

producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2004 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.17. Compliance With Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with all copies submitted to the Authority.

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

Section 7.18. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2004 Bonds or within thirty days thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the Purchaser for written approval. The Issuer shall obtain the written approval of the Council and the Purchaser before expending any proceeds of the Series 2004 Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the Purchaser before expending any proceeds of the Series 2004 Bonds made available due to bid or construction or project underruns.

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

Section 7.19. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2004 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2004 Bonds and shall be for the equal benefit of all Holders of each respective series of Series 2004 Bonds; provided, however, that the statutory mortgage lien in favor of the Holders of the Series 2004 Bonds shall be on parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

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

Section 7.22. Wetlands Covenant. The Issuer shall not use any Series 2004 Bond proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. Failure to comply with this covenant shall constitute an Event of Default under Section 9.01 of this Resolution.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year during which the respective banks hold any such funds, accounts or investments (or more often if reasonably requested by the Issuer), a summary of such funds, accounts, and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2004 Bonds are Outstanding and as long thereafter as necessary to comply with the Code.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2004A Bonds as a condition of issuance of the Series 2004A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2004A Bonds as may be necessary in order to maintain the status of the Series 2004A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2004A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2004A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action,

or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section 8.02, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2004A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2004 Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest on any of the Series 2004 Bonds; or
- (2) If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Series 2004 Bonds, set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If a default occurs under any of the Prior Bonds or any of the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Holders of the Bonds, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that all rights and remedies of the Holders of the Series 2004 Bonds shall be on a parity with the Holders of the Prior Bonds.

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

and accounts hereby established, and to apply such rates, rentals, fees, charges or other avenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Holders of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds, and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 2004 Bonds. If the Issuer shall pay or there shall otherwise be paid, to the respective Holders of all Series 2004 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2004 Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2004 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2004 Bonds, this Resolution may be amended or supplemented in any way by Supplemental Resolution. Following issuance of the Series 2004 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Series 2004 Bonds shall be made without the consent in writing of the Holders of the Series 2004 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Series 2004 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the Series 2004A Bonds remain public purpose bonds.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2004 Bonds.

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

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto;

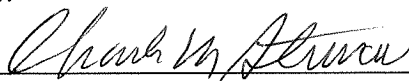
and that the members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity with respect to the Project, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within the boundaries of the Issuer, a Class II legal advertisement stating:

- (a) The maximum amount of the Series 2004 Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 2004 Bonds originally authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by the Issuer; and
- (e) The date that the formal application for a Certificate of Convenience and Necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Time. This Resolution shall take effect upon adoption.

Adopted June 15, 2004.



Chairman, Public Service Board

ATTEST:

By: 

Secretary

CERTIFICATION

Certified a true copy of a Resolution duly enacted by the Public Service Board of Mineral Wells Public Service District on the 15th day of June, 2004.

Dated: June 17, 2004.


Secretary

[SEAL]

1156478.1

EXHIBIT A

DESCRIPTION OF PROJECT

The acquisition and construction of certain extensions, additions, betterments and improvements to the Issuer's existing waterworks system, including extensions and improvements to the water distribution system, to serve approximately 300 new customers in the Sycamore Run, Stephens Fork and Limestone Ridge areas of Wood, Wirt and Jackson Counties, West Virginia. The project will consist of constructing approximately 53 miles of 8", 6" and 2" water lines, one booster station, and one water storage tank, with an estimated project cost of \$5,560,000.

EXHIBIT B

SERIES 2004A BONDS LOAN AGREEMENT

**MINERALS WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS,
SERIES 2004A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2004 B (UNITED STATES DEPARTMENT OF AGRICULTURE)**

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, PRINCIPAL PAYMENT DATES, REDEMPTION PROVISIONS, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA INFRASTRUCTURE FUND) AND THE WATER REVENUE BONDS, SERIES 2004B (UNITED STATES DEPARTMENT OF AGRICULTURE) OF MINERAL WELLS PUBLIC SERVICE DISTRICT; AUTHORIZING, RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH SERIES 2004A BONDS, THE SALE AND DELIVERY OF SUCH SERIES 2004A BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE SALE AND DELIVERY OF SUCH SERIES 2004B BONDS TO THE UNITED STATES OF AMERICA; DESIGNATING A BONDS REGISTRAR, DEPOSITORY BANK, AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board of Mineral Wells Public Service District (the "Issuer") has duly and officially adopted a Resolution on June 15, 2004 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS SYSTEM OF THE MINERAL WELLS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE MINERAL WELLS PUBLIC SERVICE DISTRICT OF NOT MORE THAN FOUR MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS (\$4,530,000) IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS IN TWO SERIES, THE FIRST SERIES TO BE DESIGNATED "WATER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA INFRASTRUCTURE FUND)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED THREE

MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$3,750,000), AND THE SECOND SERIES TO BE DESIGNATED "WATER REVENUE BONDS, SERIES 2004B (UNITED STATES DEPARTMENT OF AGRICULTURE)" IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SEVEN HUNDRED EIGHTY THOUSAND DOLLARS (\$780,000); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO THE SERIES 2004A BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance by the Issuer of not more than Four Million Five Hundred Thirty Dollars (\$4,530,000.00) in aggregate principal amount of water revenue bonds in two series (collectively, the "Series 2004 Bonds"), the first series to be designated Water Revenue Bonds, Series 2004A (West Virginia Infrastructure Fund) in the aggregate principal amount of \$3,750,000 (the "Series 2004A Bonds"), and the second series to be designated Water Revenue Bonds, Series 2004B (United States Department of Agriculture) in the aggregate principal amount of \$780,000 (the "Series 2004B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 2004A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the Authority acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the exact principal amounts, dates, maturity dates, interest rates, interest and principal payment dates, redemption provisions, sale prices and other terms of the Series 2004 Bonds should be established by a supplemental resolution pertaining to the Series 2004 Bonds; and that other matters relating to the Series 2004 Bonds be herein provided for;

WHEREAS, the Series 2004A Bonds and the Series 2004B Bonds shall be on parity with respect to liens, pledges and sources of and security for payment with respect to each other and with respect to the Prior Bonds;

WHEREAS, the form of the Loan Agreement relating to the Series 2004A Bonds has been presented to the Issuer at this meeting for final ratification and approval;

WHEREAS, the Series 2004A Bonds are proposed to be purchased by the Authority on behalf of the Council pursuant to the Loan Agreement and the Series 2004B Bonds are proposed to be purchased by the Purchaser pursuant to the Letter of Conditions dated February 2, 2001, previously approved by the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be finally ratified, approved and entered into by the Issuer, that the exact principal amounts, dates, maturity dates, interest rates, interest and principal payment dates, redemption provisions, sale prices and other terms of the Series 2004 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2004 Bonds be herein provided for;

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

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

A. Water Revenue Bonds, Series 2004A (West Virginia Infrastructure Fund) of the Issuer, originally represented by a single bond, numbered AR-1, in the principal amount of \$3,750,000. The Series 2004A Bonds shall be dated the date of delivery thereof, shall finally mature on June 1, 2044, shall bear no interest, shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be registered owner of the Series 2004A Bonds, and shall be payable in quarterly installments of principal on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2006, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2004A Bonds.

B. Water Revenue Bonds, Series 2004B (United States Department of Agriculture) of the Issuer, originally represented by a single bond, numbered BR-1, in the principal amount of \$780,000. The Series 2004B Bonds shall be dated the date of delivery thereof, shall finally mature on June 17, 2044, shall bear interest at the rate of 4.375% per annum, shall be subject to redemption at any time at the option of the Issuer and otherwise in compliance with the regulations of the Purchaser, as long as the Purchaser shall be registered owner of the Series 2004B Bonds, and shall be payable in monthly installments of interest only for 24 months, commencing July 17, 2004, and thereafter in monthly installments of principal and interest in the amount of \$3,518.00.

Section 2. All other provisions relating to the Series 2004 Bonds and the text of the Series 2004A Bonds and the Series 2004B Bonds shall be as provided in the Resolution.

Section 3. The Issuer does hereby authorize, ratify, approve and accept the form of the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman and the Secretary and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed. The price of the Series 2004 Bonds shall be 100% of par value, there

being no interest accrued thereon. The proceeds of the Series 2004 Bonds shall be advanced from time to time as requisitioned by the Issuer, and at closing, there shall be requisitioned and advanced a portion of the proceeds of the Series 2004A Bonds in the amount of \$289,004 and a portion of the proceeds of the Series 2004B Bonds in the amount of \$77,000, being more than a de minimis amount with respect to each series of 2004 Bonds. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the respective applications to the Council and the Purchaser.

Section 4. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia, to serve as Registrar for the Series 2004A Bonds (the "Registrar") and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2004A Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed. The Issuer does hereby reaffirm the designation of the Issuer as registrar for the Series 2004B Bonds.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2004A Bonds under the Resolution.

Section 6. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Parkersburg, West Virginia, to serve as Depository Bank under the Resolution.

Section 7. The Series 2004A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2004A Bonds Sinking Fund as capitalized interest.

Section 8. The Series 2004A Bonds proceeds in the amount of \$-0- shall be deposited in a Series 2004A Bonds Reserve Account.

Section 9. The Series 2004B Bonds proceeds in the amount of \$-0- shall be deposited in a Series 2004B Bonds Reserve Account.

Section 10. The remaining proceeds of the Series 2004A Bonds shall be deposited in the Series 2004A Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, and payment of cost of issuance of the Series 2004A Bonds and the reimbursement of the Issuer of any such Costs paid by the Issuer.

Section 11. The remaining proceeds of the Series 2004B Bonds shall be deposited in the Series 2004B Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, and payment of cost of issuance of the Series 2004B Bonds and the reimbursement of the Issuer of any such Costs paid by the Issuer.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver the Series 2004 Bonds and such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2004 Bonds hereby and by the Resolution approved and provided for, and to affix thereon the seal of the Issuer, as appropriate, to the end that the Series 2004A Bonds may be delivered to the Authority pursuant to the Loan

Agreement and that the Series 2004B Bonds may be delivered to the Purchaser pursuant to the Letter of Conditions on or about June 17, 2004, or as soon thereafter as practicable.

Section 13. The acquisition and construction of the Project and the financing thereof with the proceeds of the Series 2004 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

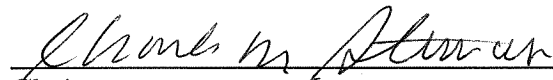
Section 14. The Governing Body hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank in time deposits of the Depository Bank, secured by a pledge of Government Obligations, and therefore the Issuer hereby authorizes and directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such time deposits until further directed by the Issuer. Monies in the Series 2004A Bonds Sinking Fund and the Series 2004 Bonds Reserve Accounts shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 15. All contracts relating to the financing, acquisition and construction of the Project are hereby approved and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

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

Adopted this 15th day of June, 2004.

MINERAL WELLS PUBLIC SERVICE DISTRICT

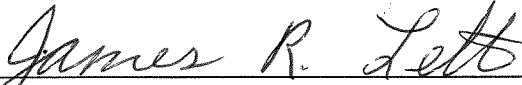

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Mineral Wells Public Service District on the 15th day of June, 2004.

Dated: June 17, 2004.

[SEAL]


Secretary

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 2004A
(WEST VIRGINIA INFRASTRUCTURE FUND)

SPECIMEN

No. AR-1

\$3,750,000

KNOW ALL MEN BY THESE PRESENTS: That MINERAL WELLS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood, Wirt and Jackson Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of THREE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$3,750,000.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing on March 1, 2006, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

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

This Bond may only be redeemed prior to its stated date of maturity in whole or in part but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, acting on behalf of the Council, dated June 17, 2004.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on June 15, 2004 and a Supplemental Resolution duly adopted by the Issuer on June 15, 2004

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE WATER SYSTEM REVENUE BONDS, SERIES 1969, OF THE ISSUER, DATED OCTOBER 7, 1969, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$322,000 (THE "SERIES 1969 BONDS"); (2) THE WATER REVENUE BOND, SERIES 1979, OF THE ISSUER, DATED JANUARY 7, 1980, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$430,000 (THE "SERIES 1979 BOND"); (3) THE WATER REVENUE BOND, SERIES 1997A, OF THE ISSUER, DATED AUGUST 14, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$650,000 (THE "SERIES 1997A BOND"); (4) THE WATER REVENUE BOND, SERIES 1999A, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000 (THE "SERIES 1999A BOND"); (5) THE WATER REVENUE BOND, SERIES 1999B, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$2,012,000 (THE "SERIES 1999B BOND"); (THE SERIES 1969 BONDS, THE SERIES 1979 BOND, THE SERIES 1997A BOND, THE SERIES 1999A BOND AND THE SERIES 1999B BOND ARE COLLECTIVELY REFERRED TO HEREIN AS THE "PRIOR BONDS"); AND (6) THE WATER REVENUE BONDS, SERIES 2004B (UNITED STATES DEPARTMENT OF AGRICULTURE), OF THE ISSUER, DATED JUNE 17, 2004, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL PRINCIPAL AMOUNT OF \$780,000 (THE "SERIES 2004B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of the Net Revenues in favor of the holders of the Prior Bonds and the Series 2004B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2004A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2004A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for

principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2004B Bonds, provided however, that so long as there exists in the Series 2004A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2004B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

IN WITNESS WHEREOF, the MINERAL WELLS PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated June 17, 2004.

MINERAL WELLS PUBLIC SERVICE DISTRICT

[SEAL]

Charles M. Strawn
Chairman

ATTEST:

James Lett
Secretary

SPECIMEN

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2004A Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 17, 2004.

WESBANCO BANK, INC.,
as Registrar

By Rhonda Berrela
Its: Authorizing Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>
(1) \$289,004.00	June 17, 2004	(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	

Total \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

SCHEDULE Y

\$3,750,000

Mineral Wells Public Service District (West Virginia)

40 Years from Closing Date, 0% Interest Rate

Closing Date: June 17, 2004

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2004	-	-	-
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	24,350.65	-	24,350.65
06/01/2006	24,350.65	-	24,350.65
09/01/2006	24,350.65	-	24,350.65
12/01/2006	24,350.65	-	24,350.65
03/01/2007	24,350.65	-	24,350.65
06/01/2007	24,350.65	-	24,350.65
09/01/2007	24,350.65	-	24,350.65
12/01/2007	24,350.65	-	24,350.65
03/01/2008	24,350.65	-	24,350.65
06/01/2008	24,350.65	-	24,350.65
09/01/2008	24,350.65	-	24,350.65
12/01/2008	24,350.65	-	24,350.65
03/01/2009	24,350.65	-	24,350.65
06/01/2009	24,350.65	-	24,350.65
09/01/2009	24,350.65	-	24,350.65
12/01/2009	24,350.65	-	24,350.65
03/01/2010	24,350.65	-	24,350.65
06/01/2010	24,350.65	-	24,350.65
09/01/2010	24,350.65	-	24,350.65
12/01/2010	24,350.65	-	24,350.65
03/01/2011	24,350.65	-	24,350.65
06/01/2011	24,350.65	-	24,350.65
09/01/2011	24,350.65	-	24,350.65
12/01/2011	24,350.65	-	24,350.65
03/01/2012	24,350.65	-	24,350.65
06/01/2012	24,350.65	-	24,350.65
09/01/2012	24,350.65	-	24,350.65
12/01/2012	24,350.65	-	24,350.65
03/01/2013	24,350.65	-	24,350.65
06/01/2013	24,350.65	-	24,350.65
09/01/2013	24,350.65	-	24,350.65
12/01/2013	24,350.65	-	24,350.65
03/01/2014	24,350.65	-	24,350.65
06/01/2014	24,350.65	-	24,350.65
09/01/2014	24,350.65	-	24,350.65
12/01/2014	24,350.65	-	24,350.65
03/01/2015	24,350.65	-	24,350.65
06/01/2015	24,350.65	-	24,350.65

IF5-13-04 | SINGLE PURPOSE | 5/13/2004 | 3:19 PM

Ferris, Baker Watts, Inc.
West Virginia Public Finance Office

\$3,750,000

Mineral Wells Public Service District (West Virginia)

40 Years from Closing Date, 0% Interest Rate

Closing Date: June 17, 2004

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
09/01/2015	24,350.65	-	24,350.65
12/01/2015	24,350.65	-	24,350.65
03/01/2016	24,350.65	-	24,350.65
06/01/2016	24,350.65	-	24,350.65
09/01/2016	24,350.65	-	24,350.65
12/01/2016	24,350.65	-	24,350.65
03/01/2017	24,350.65	-	24,350.65
06/01/2017	24,350.65	-	24,350.65
09/01/2017	24,350.65	-	24,350.65
12/01/2017	24,350.65	-	24,350.65
03/01/2018	24,350.65	-	24,350.65
06/01/2018	24,350.65	-	24,350.65
09/01/2018	24,350.65	-	24,350.65
12/01/2018	24,350.65	-	24,350.65
03/01/2019	24,350.65	-	24,350.65
06/01/2019	24,350.65	-	24,350.65
09/01/2019	24,350.65	-	24,350.65
12/01/2019	24,350.65	-	24,350.65
03/01/2020	24,350.65	-	24,350.65
06/01/2020	24,350.65	-	24,350.65
09/01/2020	24,350.65	-	24,350.65
12/01/2020	24,350.65	-	24,350.65
03/01/2021	24,350.65	-	24,350.65
06/01/2021	24,350.65	-	24,350.65
09/01/2021	24,350.65	-	24,350.65
12/01/2021	24,350.65	-	24,350.65
03/01/2022	24,350.65	-	24,350.65
06/01/2022	24,350.65	-	24,350.65
09/01/2022	24,350.65	-	24,350.65
12/01/2022	24,350.65	-	24,350.65
03/01/2023	24,350.65	-	24,350.65
06/01/2023	24,350.65	-	24,350.65
09/01/2023	24,350.65	-	24,350.65
12/01/2023	24,350.65	-	24,350.65
03/01/2024	24,350.65	-	24,350.65
06/01/2024	24,350.65	-	24,350.65
09/01/2024	24,350.65	-	24,350.65
12/01/2024	24,350.65	-	24,350.65
03/01/2025	24,350.65	-	24,350.65
06/01/2025	24,350.65	-	24,350.65
09/01/2025	24,350.65	-	24,350.65
12/01/2025	24,350.65	-	24,350.65
03/01/2026	24,350.65	-	24,350.65
06/01/2026	24,350.65	-	24,350.65

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Ferris, Baker Watts, Inc.
West Virginia Public Finance Office

\$3,750,000

Mineral Wells Public Service District (West Virginia)

40 Years from Closing Date, 0% Interest Rate

Closing Date: June 17, 2004

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
09/01/2026	24,350.65	-	24,350.65
12/01/2026	24,350.65	-	24,350.65
03/01/2027	24,350.65	-	24,350.65
06/01/2027	24,350.65	-	24,350.65
09/01/2027	24,350.65	-	24,350.65
12/01/2027	24,350.65	-	24,350.65
03/01/2028	24,350.65	-	24,350.65
06/01/2028	24,350.65	-	24,350.65
09/01/2028	24,350.65	-	24,350.65
12/01/2028	24,350.65	-	24,350.65
03/01/2029	24,350.65	-	24,350.65
06/01/2029	24,350.65	-	24,350.65
09/01/2029	24,350.65	-	24,350.65
12/01/2029	24,350.65	-	24,350.65
03/01/2030	24,350.65	-	24,350.65
06/01/2030	24,350.65	-	24,350.65
09/01/2030	24,350.65	-	24,350.65
12/01/2030	24,350.65	-	24,350.65
03/01/2031	24,350.65	-	24,350.65
06/01/2031	24,350.65	-	24,350.65
09/01/2031	24,350.65	-	24,350.65
12/01/2031	24,350.65	-	24,350.65
03/01/2032	24,350.65	-	24,350.65
06/01/2032	24,350.65	-	24,350.65
09/01/2032	24,350.65	-	24,350.65
12/01/2032	24,350.65	-	24,350.65
03/01/2033	24,350.65	-	24,350.65
06/01/2033	24,350.65	-	24,350.65
09/01/2033	24,350.65	-	24,350.65
12/01/2033	24,350.65	-	24,350.65
03/01/2034	24,350.65	-	24,350.65
06/01/2034	24,350.65	-	24,350.65
09/01/2034	24,350.65	-	24,350.65
12/01/2034	24,350.65	-	24,350.65
03/01/2035	24,350.65	-	24,350.65
06/01/2035	24,350.65	-	24,350.65
09/01/2035	24,350.65	-	24,350.65
12/01/2035	24,350.65	-	24,350.65
03/01/2036	24,350.65	-	24,350.65
06/01/2036	24,350.65	-	24,350.65
09/01/2036	24,350.65	-	24,350.65
12/01/2036	24,350.65	-	24,350.65
03/01/2037	24,350.65	-	24,350.65
06/01/2037	24,350.65	-	24,350.65

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Ferris, Baker Watts, Inc.
West Virginia Public Finance Office

\$3,750,000

Mineral Wells Public Service District (West Virginia)

40 Years from Closing Date, 0% Interest Rate

Closing Date: June 17, 2004

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
09/01/2037	24,350.65	-	24,350.65
12/01/2037	24,350.65	-	24,350.65
03/01/2038	24,350.65	-	24,350.65
06/01/2038	24,350.65	-	24,350.65
09/01/2038	24,350.65	-	24,350.65
12/01/2038	24,350.65	-	24,350.65
03/01/2039	24,350.65	-	24,350.65
06/01/2039	24,350.65	-	24,350.65
09/01/2039	24,350.65	-	24,350.65
12/01/2039	24,350.65	-	24,350.65
03/01/2040	24,350.65	-	24,350.65
06/01/2040	24,350.65	-	24,350.65
09/01/2040	24,350.65	-	24,350.65
12/01/2040	24,350.65	-	24,350.65
03/01/2041	24,350.65	-	24,350.65
06/01/2041	24,350.65	-	24,350.65
09/01/2041	24,350.65	-	24,350.65
12/01/2041	24,350.65	-	24,350.65
03/01/2042	24,350.64	-	24,350.64
06/01/2042	24,350.64	-	24,350.64
09/01/2042	24,350.64	-	24,350.64
12/01/2042	24,350.64	-	24,350.64
03/01/2043	24,350.64	-	24,350.64
06/01/2043	24,350.64	-	24,350.64
09/01/2043	24,350.64	-	24,350.64
12/01/2043	24,350.64	-	24,350.64
03/01/2044	24,350.64	-	24,350.64
06/01/2044	24,350.64	-	24,350.64
Total	\$3,750,000.00	-	\$3,750,000.00

Yield Statistics

Bond Year Dollars	\$78,114.58
Average Life	20.831 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.69E-10
Bond Yield for Arbitrage Purposes	1.69E-10
All Inclusive Cost (AIC)	1.69E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.831 Years

IF 5-13-04 | SINGLE PURPOSE | 5/13/2004 | 3:19 PM

Ferris, Baker Watts, Inc.
West Virginia Public Finance Office

ASSIGNMENT

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

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

Dated: _____, 20_____.

In the presence of:

SPECIMEN

SPECIMEN

Bowles Rice McDavid Graff & Love_{LLP}

19 West Cork Street, Suite 102
Winchester, Virginia 22601
Telephone (540) 723-8877

101 South Queen Street
Martinsburg, West Virginia 25401
Telephone (304) 263-0836

7000 Hampton Center, Suite K
Morgantown, West Virginia 26505
Telephone (304) 285-2500

ATTORNEYS AT LAW

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Charleston, West Virginia 25325-1386
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501 Avery Street
Parkersburg, West Virginia 26101
Telephone (304) 485-8500

333 West Vine Street, Suite 1201
Lexington, Kentucky 40507
Telephone (859) 225-8700

June 17, 2004

Mineral Wells Public Service District
P. O. Box 266
Mineral Wells, West Virginia 26150

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

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

Re: Mineral Wells Public Service District Water Revenue Bonds,
Series 2004A (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by Mineral Wells Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$3,750,000 Water Revenue Bonds, Series 2004A (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2004A Bonds").

We have examined a certified copy of proceedings and other papers relating to the authorization of a loan agreement dated June 17, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Series 2004A Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 2004A Bonds are issued in the principal amount of \$3,750,000, in the form of one bond registered as to principal to the Authority, with no interest and with principal payable March 1, June 1, September 1 and

Bowles Rice McDavid Graff & Love_{LLP}

June 17, 2004

Page 2

December 1 of each year, commencing March 1, 2006, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2004A Bonds.

The Series 2004A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act") for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public water system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and the Bond Resolution duly adopted by the Issuer on June 15, 2004, as supplemented by a Supplemental Resolution duly adopted on June 15, 2004 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Series 2004A Bonds are authorized and issued and the Bond Purchase Agreement has been undertaken. The Series 2004A Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the Bond Purchase Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the consent of the Authority and the Council.
3. The Issuer is a duly organized and presently existing public service district, public corporation and political subdivision of the State of West Virginia with full power and authority to construct and acquire the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Series 2004A Bonds, all under the Act and other applicable provisions of law.
4. The Resolution and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer in connection with the issuance and sale of the Series 2004A Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in

Bowles Rice McDavid Graff & Love_{LLP}

June 17, 2004

Page 3

accordance with their terms. The Resolution contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Series 2004A Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid and legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of said System, on parity with the liens, pledge and source of and security for payment in favor of the holders of (i) the Water System Revenue Bonds, Series 1969, of the Issuer, dated October 7, 1969, issued in the original principal amount of \$322,000; (ii) the Water Revenue Bond, Series 1979 of the Issuer, dated January 7, 1980, issued in the original principal amount of \$430,000; (iii) the Water Revenue Bond, Series 1997A of the Issuer, dated August 14, 1997, issued in the original principal amount of \$650,000; (iv) the Water Revenue Bond, Series 1999A of the Issuer, dated September 23, 1999, issued in the original principal amount of \$700,000; (v) the Water Revenue Bond, Series 1999B of the Issuer, dated September 23, 1999, issued in the original principal amount of \$2,012,000; and (vi) the Water Revenue Bonds, Series 2004B (United States Department of Agriculture), of the Issuer, dated June 17, 2004, issued in the original principal amount of \$780,000, all in accordance with the terms of the Series 2004A Bonds and the Resolution.

6. The Series 2004A Bonds are, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

7. The Series 2004A Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Series 2004A Bonds.

8. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Series 2004A Bonds, as provided in the Resolution.

No opinion is given herein as to the effect upon enforceability of the Series 2004A Bonds or the Resolution of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer or other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

Bowles Rice McDavid Graff & Love_{LLP}

June 17, 2004

Page 4

We have examined the executed and authenticated Series 2004A Bond, No. AR-1, and are of the opinion that the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

BOWLES RICE MCDAVID GRAFF & LOVE LLP

Bowles Rice McDavid Graff & Love LLP

CPS/spg

IC-3
(09/29/03)

BR

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LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

MINERAL WELLS PUBLIC SERVICE DISTRICT
(Governmental Agency)

WITNESSETH:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the design, acquisition or construction of projects by such governmental agencies, 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 design, acquire, construct, operate and maintain a project, as defined by the Act, and to finance the cost of design, acquisition or construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to design, acquire or construct, or is constructing such a 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 Council and the Authority an Application for a Construction Loan, with attachments, exhibits and amendments (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

MINERAL WELLS PUBLIC
SERVICE DISTRICT

(SEAL)

Attest:

Its: Secretary

By:

Its: Chairperson

Date: June 17, 2004

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

Attest:

Its: Secretary-Treasurer

By:

Its: Director

Date: June 17, 2004

000832/00466

05/14/04

WEST VIRGINIA MUNICIPAL BOND COMMISSION
NEW ISSUE REPORT FORM

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

Date of Report: June 17, 2004

miw - w - 1/2 04 - A - wo - 06

ISSUE: Mineral Wells Public Service District Water Revenue Bonds, Series 2004A
(West Virginia Infrastructure Fund)

ADDRESS: P. O. Box 266, Mineral Wells, WV 26150 COUNTY: Wood County

PURPOSE OF ISSUE: New Money ☒ Refunding ☐ Refunds issue(s) dated: _____

ISSUE DATE June 17, 2004 CLOSING DATE: June 17, 2004

ISSUE AMOUNT: \$ 3,750,000 RATE: 0%

1st DEBT SERVICE DUE: March 1, 2006 1st PRINCIPAL DUE: March 1, 2006

1st DEBT SERVICE AMOUNT: \$ 24,350.65 PAYING AGENT: Municipal Bond Commission - *WVB*

BOND COUNSEL: Bowles Rice McDavid UNDERWRITER'S COUNSEL: Jackson Kelly PLLC
Graff & Love LLP

Contact Person: Camden P. Siegrist Contact Person: Samme L. Gee
Phone: (304) 347-1129 Phone: (304)-340-1318

CLOSING BANK: WesBanco Bank, Inc. ESCROW TRUSTEE: _____
Contact Person: C. Randall Law Contact Person: _____
Phone: (304)-480-2500 Phone: _____

KNOWLEDGEABLE ISSUE CONTACT: OTHER: WV Infrastructure & Jobs Development Council
Contact Person: Margaret Batten Contact Person: Katy Mallory, P.E.
Position: Office Manager Function: Executive Secretary
Phone: (304) 489-2915 Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____
Capitalized Interest: _____
By: _____ Wire _____ Reserve Account: \$ _____
_____ Check _____ Other: _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By: _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons. Invest. Fund \$ _____
_____ To _____ \$ _____

NOTES: 10 Yr Res 5 Following ^{one mth} completion of project
Refund IE annually P/Bu (5)

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____