

\$66',000
MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT)
SF ES 2009A

MINERAL WELLS PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN 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 WATER REVENUE BONDS (MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED SIX HUNDRED SIXTY THOUSAND DOLLARS (\$660,000); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE SERIES 2009A BONDS; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE SERIES 2009A BONDS AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

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ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

Section 1.02. Findings 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 additions, betterments and improvements to the Issuer’s existing waterworks system, including the 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 2009A 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 2009A Bonds in the principal amount of not more than \$660,000, 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 2009A 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 2009A Bonds Reserve Account; 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, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009A 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 2009A 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 2009A Bonds is \$660,000, all of which will be obtained from the sale of the Series 2009A Bonds described above.

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 2009A Bonds be issued and sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions dated February 8, 2008 (the "Letter of Conditions").

H. There are outstanding obligations of the Issuer which will rank on parity with the Series 2009A 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 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
Water Revenue Bond, Series 2004A, dated June 17, 2004 (the "Series 2004A Bond"), issued in the original principal amount of \$3,750,000;	First Lien
Water Revenue Bond, Series 2004B, dated June 17, 2004 (the "Series 2004B	First Lien

Bond”), issued in the original principal amount of \$780,000;

The Series 2009A 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 2009A Bonds on a parity with the Prior Bonds and the certificate of an Independent Certified Public Accountant stating that the coverage tests on the Prior Bonds are met or a waiver by the Holder or Holders of the applicable Prior Bonds of such requirement. 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 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 2009A Bonds or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project 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 2009A Bonds or has been waived by all necessary parties.

K. There are at least 2,324 bona fide users of the System.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009A 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 Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

“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 Secretary of the Issuer or other entity designated as such in a 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 2009A Bonds and, where appropriate, any bonds on a parity therewith authorized to be issued hereunder or by another resolution of the Issuer.

“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 2009A Bonds for an advance of more than a de minimis amount of the principal of the Series 2009A Bonds by the Purchaser.

“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.

“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.

“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.

“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 8, 2008, and all amendments thereto.

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

“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.

“Prior Bonds” means, collectively the Series 1979 Bond, the Series 1997A Bond, the Series 1999A Bond, the Series 1999B Bond, the Series 2004A Bond, and the Series 2004B Bond.

“Prior Resolutions” means, collectively, the Series 1979 Bond Resolution; the Series 1997A Bond Resolution; the Series 1999A Bond Resolution; the Series 1999B Bond Resolution, and the Series 2004 Bonds Resolution, each as supplemented and amended.

“Project” means the additions, betterments and improvements to the Issuer’s existing waterworks system, including the 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 2009A Bonds and the Holder of the Series 1979 Bond, the Series 1997A Bond, the Series 1999A Bond, the Series 1999B Bond, and the Series 2004B Bond. “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 Board of Treasury Investments pursuant to Chapter 12, Article 6C 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.

“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 2009A Bonds and the Prior Bonds.

“Reserve Requirement” means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2009A 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 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 2004A Bonds” means the Water Revenue Bond, Series 2004A, of the Issuer, dated June 17, 2004, issued in the original principal amount of \$3,750,000 bearing no interest.

“Series 2004B Bonds” means the Water Revenue Bond, Series 2004B, of the Issuer, dated June 17, 2004, issued in the original principal amount of \$780,000, bearing interest at the rate of 4.375% per annum.

“Series 2004 Bonds Resolution” means the Resolution adopted by the Issuer on June 17, 2004, authorizing the issuance of the Series 2004 Bonds, as supplemented and amended.

“Series 2009A Bonds” or “Series 2009A Bond” means the \$660,000 Water Revenue Bond (Miscellaneous Water System Improvements Project) authorized hereby.

“Series 2009A Bonds Construction Trust Fund” means the Series 2009A Bonds Construction Trust Fund established by Section 5.02 hereof.

“Series 2009A Bonds Reserve Account” means the Series 2009A Bonds Reserve Account established in the Series 2009A Bonds Sinking Fund pursuant to Section 5.02 hereof.

“Series 2009A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009A 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.

“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.

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 \$660,000, 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 2009A Bonds, shall be paid with the proceeds of the Series 2009A Bonds. The proceeds of the Series 2009A 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 Purchaser.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Series 2009A Bonds. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond (Miscellaneous Water System Improvements Project), Series 2009A, is hereby authorized to be issued in the principal amount of \$660,000, for the purpose of financing the costs of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Series 2009A Bond shall be issued in single form, No. AR-1, fully registered to the United States of America and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 4.25% per annum, and shall be sold at the par value thereof. The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Series 2009A Bond. The Series 2009A Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2009A Bond, and the right to the principal of, and stated interest on, the Series 2009A Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2009A Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Series 2009A Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new bond or bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Series 2009A Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2009A Bond.

Section 3.04. Registrar. The Secretary of the Issuer will keep or cause to be kept at the office of the Issuer, sufficient books for the registration and transfer of the Series 2009A Bond, and, upon presentation for such purpose, the Secretary shall register the Series 2009A Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Series 2009A Bond as hereinbefore provided.

Section 3.05. Execution of Bond. The Series 2009A Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 3.06. Mutilated, Destroyed, Stolen or Lost Series 2009A Bond. In case the Series 2009A Bond shall become mutilated, destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new bond of like tenor as the Series 2009A Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2009A Bond or in lieu of and substitution for the Series 2009A Bond destroyed, stolen or lost, and upon the holder of the Series 2009A Bond furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2009A Bond so surrendered shall be canceled and held for the account of the Issuer. If the Series 2009A Bond shall have matured or be about to mature, instead of issuing a substitute Series 2009A Bond the Issuer may pay the same, and, if such bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Series 2009A Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Series 2009A Bond shall not be or constitute an indebtedness of the members of the Public Service Board of the Issuer but shall be payable solely from the Net Revenues and from funds in the Revenue Fund.

Section 3.08. Series 2009A Bond Secured by Pledge of Net Revenues, Funds and Unexpended Series 2009A Bond Proceeds. Payment of the Series 2009A Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System and the funds on deposit in the Revenue Fund on a parity with the Series 1979 Bond, the Series 1997A Bond, the Series 1999A Bond, the Series 1999B Bond, the Series 2004A Bond and the Series 2004B Bond in addition to the statutory mortgage lien on the System provided for herein. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2009A Bond, and to make the payments as hereinafter provided, together with the funds on deposit in the Revenue Fund and the unexpended proceeds of the Series 2009A Bond are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2009A Bond as the same become due.

Section 3.09. Form of Series 2009A Bond. Subject to the provisions hereof, the text of the Series 2009A Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

[Form of Series 2009A Bond]

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A**

No. AR-1

\$660,000

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 SIX HUNDRED SIXTY THOUSAND DOLLARS (\$660,000.00), 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 Series 2009A 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 Series 2009A 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 Series 2009A 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 Series 2009A 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 Series 2009A 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 Series 2009A 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 Series 2009A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Series 2009A 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 Series 2009A Bond. Upon such transfer a new Series 2009A Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Series 2009A 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 Series 2009A 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"), and the Bond Resolution of the Issuer adopted on _____, 2009 (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 Series 2009A 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 Series 2009A 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 SERIES 2009A 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 REVENUE BOND, SERIES 1979, OF THE ISSUER, DATED JANUARY 7, 1980, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$430,000; (2) THE WATER REVENUE BOND, SERIES 1997A, OF THE ISSUER, DATED AUGUST 14, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$650,000; (3) THE WATER REVENUE BOND, SERIES 1999A, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000; (4) THE WATER REVENUE BOND, SERIES 1999B, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$2,012,000; (5) THE WATER REVENUE BOND, SERIES 2004A, OF THE ISSUER, DATED JUNE 17, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$3,750,000; AND (6) THE WATER REVENUE BOND, SERIES 2004B, OF THE ISSUER, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$780,000.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Series 2009A Bond will be in default should any proceeds of the Series 2009A 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 Series 2009A Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Series 2009A Bond to be dated _____, 2009.

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 . . . \$			

Date of
Registration

In Whose Name
Registered

Signature of
Secretary or Registrar

_____, 2009

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

FORM OF ASSIGNMENT

Pay to the Order of

UNITED STATES OF AMERICA

By: _____

(Title)

Section 3.10. Series 2009A Bonds are Issued as Parity Bonds With Respect to Prior Bonds. The Series 2009A 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 2009A Bonds on a parity with the Prior Bonds.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the gross proceeds of the Series 2009A Bonds, the Issuer may issue and sell its Notes, in an aggregate principal amount not to exceed \$660,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the indenture or supplemental resolution, as applicable.

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

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

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay the trustee to be appointed by a supplemental resolution, upon presentation by the trustee of certain certificates, the sum or sums set forth therein but not to exceed \$660,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND
APPLICATION THEREOF

Section 5.01. Establishment 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); and
- G. Series 2009A 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 2004A Bonds Sinking Fund;
- B. Within the Series 2004A Bonds Sinking Fund, the Series 2004A Bonds Reserve Account;
- C. Series 2004B Bonds Reserve Account, and
- D. Series 2009A 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 2009A Bonds the amount required to pay the interest on the Series 2009A Bonds as set forth in the Series 2009A 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; and (ii) remit to the National Finance Office, commencing 25 months following the date of delivery of the Series 2009A Bonds, the amount of principal due on the Series 2009A Bonds as set forth in the Series 2009A 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; and (ii) commencing with and including the month in which the first principal installment is due upon the Series 2009A Bonds, if not fully funded upon issuance of the Series 2009A Bonds, remit to the Commission for deposit in the Series 2009A Bonds Reserve Account, an amount equal to 1/120th of the Series 2009A Bonds Reserve Requirement until the amount in the Series 2009A Bonds Reserve Account equals the Series 2009A 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 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; 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 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, the Series 2004 Bonds, and the Series 2009A 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, the Series 2004B Bond Reserve Account, and the Series 2009A Bonds 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 transfers 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 Bonds Reserve Account, the Series 2004 B Bond Reserve Account, and the Series 2009A Bonds 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 2009A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2009A Bonds, as the same shall come due, when other moneys in the Revenue Fund are insufficient therefor, for prepayment of installments on the Series 2009A Bonds or for mandatory prepayment of the Series 2009A Bonds as provided herein, and for no other purpose.

All investment earnings on moneys in the Series 2009A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer,, and such amounts shall, during construction of the Project, be deposited in the Series 2009A 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 2009A Bonds.

Any withdrawals from the Series 2009A Bonds Reserve Account which result in a reduction in the balance of the Series 2009A Bonds Reserve Account to below the Series 2009A Bonds Reserve Requirement 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 2009A 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 2009A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2009A 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 2009A 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 2009A Bonds Reserve Account created hereunder, and all amounts required for said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Whenever the money in the Series 2009A Bonds Reserve Account shall be sufficient to prepay the Series 2009A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2009A 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 reserve account payment with respect to the Series 2009A 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 remit from the Revenue Fund to the Commission on such dates as the Commission shall require, such additional sums as shall be necessary to pay its charges and fees then due.

E. 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.

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

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

H. 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.

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 2009A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009A Bonds, there shall first be deposited in the Series 2009A Bonds Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, together with interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

B. As the Issuer receives advances of the remaining moneys derived from the sale of such Series 2009A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2009A Bonds Construction Trust Fund. The monies in the Series 2009A 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 2009A Bonds.

C. 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 2009A Bonds shall be expended in accordance with the regulations of the Purchaser.

Section 6.02. Disbursements From the Series 2009A Bonds Construction Trust Fund. The moneys in the Series 2009A 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 2009A 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 2009A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Series 2009A 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 2009A 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 2009A 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 2009A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2009A 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 2009A Bonds or the interest thereon is Outstanding and unpaid. Further, all the covenants, agreements and provisions of the respective 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 2009A 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 2009A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay said Series 2009A Bonds or the interest thereon.

Section 7.03. Series 2009A Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2009A 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 2009A 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 2009A 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. 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. 09-0147-PWD-CN, entered September 16, 2009, which Recommended Decision became the Final Order of the PSC on October 6, 2009, and which rates are incorporated herein by reference as a part hereof and are hereby adopted.

So long as any of the Series 2009A 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. In the event the schedule of rates and charges initially established for the

System in connection with the Series 2009A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation, 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.

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 respective Prior Resolutions. Additionally, so long as the Series 2009A Bonds are Outstanding and except as otherwise required by law or with the written consent of 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 2009A 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 2009A Bonds, be immediately remitted to the National Finance Office and applied to the payment of principal of and interest, if any, on the Series 2009A Bonds. Any balance remaining after the payment of all the Series 2009A Bonds and Prior Bonds and interest thereon shall be remitted to the Issuer by 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 2009A 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 2009A 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 2009A 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 2009A 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 2009A Bonds. All obligations issued by the Issuer after the issuance of the Series 2009A 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 2009A 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 2009A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2009A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give 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 2009A 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 2009A Bonds, and must have the prior written consent of the Purchaser.

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 2009A Bonds issued pursuant hereto or one or more subsequent series of Parity Bonds, or both such purposes.

So long as the Series 2009A 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 2009A Bonds, representing 75% of the then outstanding principal indebtedness.

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 2009A 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 2009A 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 2009A 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 2009A 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 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 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 Purchaser, or its 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 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 Purchaser shall include a statement that the Issuer is in compliance with the terms and provisions of the Act 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 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 Purchaser, or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Purchaser, or its agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the 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 2009A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009A 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 2009A Bonds Reserve Accounts and reserve accounts for obligations on a parity with the Series 2009A 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 2009A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009A 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 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 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 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.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers, 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 Purchaser, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to 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 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 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 2009A 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 2009A 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 Purchaser, the prime contractor and all subcontractors as their respective interests may appear 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 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. 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 2009A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.17. Compliance With Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Act. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by 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 2009A 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 Purchaser for written approval. The Issuer shall obtain the written approval of the Purchaser before expending any proceeds of the Series 2009A Bonds held in "contingency". The Issuer shall also obtain the written approval of the Purchaser before expending any proceeds of the Series 2009A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Purchaser 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 2009A 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 2009A Bonds and shall be for the equal benefit of all Holders of each respective series of Series 2009A Bonds; provided, however, that the statutory mortgage lien in favor of the Holders of the Series 2009A Bonds shall be on parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.21. Wetlands Covenant. The Issuer shall not use any Series 2009A 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.

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 2009A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any of the Series 2009A 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 2009A Bonds, set forth in this Bond Legislation, any supplemental resolution or in the Series 2009A 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 Purchaser, the Commission, the Depository Bank or any other Paying Agent or other Holder of a Series 2009A 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 2009A 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 2009A Bonds. If the Issuer shall pay or there shall otherwise be paid, to the respective Holders of all Series 2009A 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 2009A 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 2009A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Except through such direct payment to the Holder of the Series 2009A Bonds, the Issuer may not defease the Series 2009A Bonds or otherwise provide for payment thereof by escrow or like manner.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2009A Bonds, this Resolution may be amended or supplemented in any way by Supplemental Resolution. Following issuance of the Series 2009A 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 2009A Bonds shall be made without the consent in writing of the Holders of the Series 2009A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Series 2009A 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.

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:

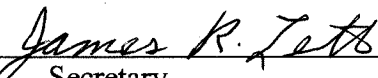
- (a) The maximum amount of the Series 2009A Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 2009A Bonds originally authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will 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 October 20, 2009.


Chairman, Public Service Board

ATTEST:

By: 
Secretary

[SEAL]

EXHIBIT A

DESCRIPTION OF PROJECT

Construction of improvements to the water distribution system of the Mineral Wells Public Service District including the replacement of two water tanks, replacement of water lines subject to breaks and high maintenance costs, an emergency connection to the City of Parkersburg and an office computer system upgrade.



CERRONE
Associates • Consulting Engineers

**MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER IMPROVEMENTS PROJECT), SERIES 2009A**

CERTIFICATE OF ENGINEER

I, Manning H. Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Consulting Engineers, having offices in Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") to the existing public water system (the "System") of the Mineral Wells Public Service District (the "Issuer"), to be constructed in Wood, County, West Virginia, the costs of which Project are being permanently financed by the above-captioned bonds (the "Series 2009A Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the Bond Resolution adopted by the Issuer on October 20, 2009.

2. The Series 2009A Bonds are being issued for the purposes of (i) paying the costs of the Project; and (ii) paying certain costs of issuance of the Series 2009A Bonds and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Purchaser and any change orders approved by the Issuer and the Purchaser and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing for the Project; (iv) the successful bidder(s) received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Purchaser and the bid forms provided to the bidder(s) contain all critical operational components of the Project; (vi) the successful bid(s) include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; and (ix) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of the grants irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Purchaser.





WITNESS my signature and seal on this 22nd day of October, 2009.

[SEAL]

CERRONE ASSOCIATES, INC.

By: Manning H. Frymier
Manning H. Frymier
Its: President
West Virginia License No. 8497



CERTIFIED PUBLIC ACCOUNTANTS

HarmanThompson Division

**MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER IMPROVEMENTS PROJECT)
SERIES 2009A**

Mineral Wells Public Service District
Post Office Box 266
Mineral Wells, WV 26150

Bowles Rice McDavid Graff & Love LLP
600 Quarrier Street
Charleston, WV 25301

United States Department of Agriculture
Rural Development
Federal Building, Room 320
75 High Street
Morgantown, WV 26505

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25301

Ladies and Gentlemen:

Based upon the rates and charges approved in the Recommended Decision of the Public Service Commission of West Virginia entered on September 16, 2009, which became the Final Order of the Public Service Commission of West Virginia on October 5, 2009, in Case No. 09-0147-PWD-CN, for the water system (the "System") of the Mineral Wells Public Service District (the "Issuer") and the projected operating expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient (i) to provide for all operating expenses and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds (Miscellaneous Water System Improvements Project) Series 2009A (the "Series 2009A Bonds"), to be issued to the United States of America, and all other obligations secured by or payable from the revenues of the System on a parity with the Series 2009 A Bonds, including the Prior Bonds. All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Bond Resolution adopted by the Issuer on October 20, 2009.

Towne Square • 201 Third Street • PO Box 149 • Parkersburg, WV 26102
Phone (304)-485-6584 • Fax (304)-485-0971

The Virginia Center • 1411 Virginia Street, East • Suite 100 • Charleston, WV 25301
Phone (304)-343-4126 or 1-(800)-788-3844 • Fax (304)-343-8008

www.suttlecpas.com • E-mail: cpa@suttlecpas.com
A Professional Limited Liability Company

Mineral Wells Public Service District
Post Office Box 266
Mineral Wells, WV 26150

Bowles Rice McDavid Graff & Love LLP
600 Quarrier Street
Charleston, WV 25301

United States Department of Agriculture
Rural Development
Federal Building, Room 320
75 High Street
Morgantown, WV 26505

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25301

Page Two

Further, it is our opinion that the Net Revenues actually derived from the System during 12 consecutive months within the 18 months immediately preceding the date hereof, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2009A Bonds are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Series 2009A Bonds and the Prior Bonds.

Finally, it is our opinion that the Net Revenues for the fiscal year following the year in which the Series 2009A Bonds are issued will be at least 115% of the average annual debt service requirements on the Series 2009A Bonds and the Prior Bonds.

Suttle & Stelmason PLLC

**MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A**

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACT
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. RATES; PUBLIC SERVICE COMMISSION ORDER
11. SIGNATURES AND DELIVERY
12. BOND PROCEEDS
13. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
14. SPECIMEN BONDS
15. CONFLICT OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. AWARD OF SERIES 2009A BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Mineral Wells Public Service District, in Wood, Wirt and Jackson Counties, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$660,000 aggregate principal amount of the Mineral Wells Public Service District Water Revenue Bonds (Miscellaneous Water System Improvements Project), Series 2009A (the "Series 2009A Bonds, as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer adopted October 20, 2009 (the "Resolution").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Series 2009A Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Series 2009A Bonds or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2009A Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the

acquisition and construction of the Project, the operation of the System, or such pledge or application of moneys and security or the collection of the Gross Revenues or pledge of the Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACT: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2009A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia of 1931. The Issuer has awarded the construction contract for the Project in two separate contracts to the respective lowest bidders thereof:

Contract 1	Stonegate Construction, Inc.
Contract 2	Mid Atlantic Storage Systems, Inc.

The Issuer has on or prior to this date issued a notice of award to each of said contractors for the Project and the Issuer contemplates entering into a construction contract with each of said contractors for the Project on October 22, 2009.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the date of the Letter of Conditions for the Series 2009A Bonds and the Issuer has met all conditions prescribed in the Letter of Conditions. The Issuer has or can provide the financial, institutional, legal, and managerial capabilities necessary to complete the Project. Other than the Prior Bonds, there are no outstanding bonds or other obligations of the Issuer which are secured by revenues and/or assets of the System. The Series 2009A Bonds are issued on parity with respect to the liens, pledge and source of and security for payment in favor of the Holders of the Prior Bonds. The Issuer has obtained the written consent of the Holders of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds and the certificate of an Independent Certified Public Accountant stating that the coverage tests of the Prior Bonds are met or a waiver by the Holder or Holders of the applicable Prior Bonds of such requirement.

The Bonds are on parity with the Prior Bonds with respect to liens, pledge and source of and security for payment.

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

Bond Resolution

Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered on September 16, 2009 in Case No. 09-0147-PWD-CN, which, became the Final Order of the PSC on October 6, 2009

Certified copy of Orders of the County Commissions of Wood, Wirt and Jackson Counties proposing, creating and enlarging the Issuer, including the PSC Recommended Decisions relating thereto

Certified copies of Orders of the County Commission of Wood County appointing current members to Public Service Board of the Issuer

Certified copies of Oaths of Office of current members of Public Service Board of the Issuer

Rules of Procedure

Affidavits of Publication on Borrowing and Filing of PSC Application

Minutes of 2009 Organizational Meeting of Public Service Board

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Environmental Health Services Permit

Consents of Holders of Prior Bonds

Evidence of Insurance

Prior Bond Resolutions

RUS Letter of Conditions and Closing Instructions

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Roy L. Radabaugh	November 30, 2007	November 30, 2013
Charles M. Stewart	March 3, 2009	March 1, 2015
James R. Lett	July 16, 2005	July 16, 2011

The names of the duly elected and/or appointed qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2009 are as follows:

Chairman	-	Roy L. Radabaugh
Secretary	-	James R. Lett
Treasurer	-	Charles M. Stewart

The duly appointed and acting counsel to Issuer is Bowles Rice McDavid Graff & Love LLP, Parkersburg, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2009A Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to all applicable rules of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A, of the Code of West Virginia of 1931, as amended, and a quorum of duly elected or appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

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

10. RATES, PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered in Case No. 09-0147-PWD-CN on September 16, 2009, which, became the Final Order of the PSC on October 6, 2009, approving the rates and charges for the System and the financing for the Project and granting a certificate of public convenience and necessity for the Project. The

time for appeal of such Final Order has expired prior to the date hereof. Such Final Order remains in full force and effect.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign the Series 2009A Bond, consisting of a single Series 2009A Bond dated October 22, 2009, by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by his manual signature, the Secretary did officially authenticate and deliver the Series 2009A Bonds to a representative of the Purchaser as the original purchaser of the Series 2009A Bonds under the Letter of Conditions. Said official seal is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof the Issuer received from the Purchaser the sum of \$83,300, being the first advance of the principal amount of the Series 2009A Bonds. The balance of the principal amount of the Series 2009A Bonds will be advanced to the Issuer as the acquisition and construction of the Project progress.

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

15. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Series 2009A Bond.

16. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2009A Bonds, the Resolution and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

18. AWARD OF SERIES 2009A BONDS: The entire issue of the Series 2009A Bonds has been duly awarded to the United States of America pursuant to the Letter of Conditions from the Department of Agriculture, Rural Utilities Service (RUS) and as appears in the Resolution authorizing the issuance of the Series 2009A Bonds

WITNESS our signatures and the official seal of the MINERAL WELLS
PUBLIC SERVICE DISTRICT on this 22nd day of October, 2009.

[CORPORATE SEAL]

SIGNATURE

Roy H. Adalberto
James R. Lett
Steven R. Hardman

OFFICIAL TITLE

Chairman

Secretary

Counsel to Issuer

MINERAL WELLS PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF \$430,000 WATER REVENUE BOND, SERIES 1979, OF MINERAL WELLS PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF EXTENSIONS AND IMPROVEMENTS FOR ITS WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

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

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

(A) The Issuer now owns a public waterworks system.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements for the existing waterworks system of the Issuer consisting of an office building, additional transmission lines and modifications of the existing system with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. Water will be purchased from the Claywood Park Public Service District pursuant to a water purchase agreement to be made between said Public Service District and the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of \$430,000 to finance the costs of such construction in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is \$430,000 all which will be obtained from the proceeds of sale of the Bond herein authorized.

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

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

(G) There are outstanding obligations of the Issuer which will rank on a parity with the Bond as to lien and source of and security for payment, as follows:

The Water System Revenue Bonds, Series 1969, issued in the aggregate principal amount of \$322,000, dated October 7, 1969, now held by the Government.

There are not any other obligations of the Issuer which will rank prior to or on a parity with the Bond.

(H) The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

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

"Bond" means the Water Revenue Bond, Series 1979, authorized hereby.

"1969 Bonds" means the bonds described in Section 1.03(G).

"Bond Legislation" means this Resolution and all resolutions supplemental hereto.

"Bonds" means collectively the 1969 Bonds and the Bond.

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

"Consulting Engineer" means Cerrone and Vaughn, Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

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

"Governing Body" means the Public Service Board of the Issuer.

"Government" means United States Department of Agriculture, Farmers Home Administration.

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of the Bond.

"Issuer" means Mineral Wells Public Service District of Wood County, West Virginia, and includes the Governing Body.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting 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.

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

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

"1969 Resolution" means the resolution of the Public Service Board of the Issuer which authorized the 1969 Bonds.

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

"Secretary" means the Secretary of the Governing Body.

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

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

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1979," is hereby authorized to be issued in the aggregate principal amount of not exceeding Four Hundred Thirty Thousand Dollars (\$430,000) for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, both on a parity in all respects with the 1969 Bond. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged, on a parity with such pledge in favor of the 1969 Bond, to the payment of the principal of and interest on the Bond as the same become due.

Section 2.06. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1979

MINERAL WELLS PUBLIC SERVICE DISTRICT

\$430,000

No. 1

Date: _____

FOR VALUE RECEIVED, MINERAL WELLS PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Four Hundred Thirty Thousand Dollars (\$430,000) plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$2,112, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

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

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual

installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment-retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act") and a Resolution duly adopted by the Borrower.

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its

future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity in all respects with the 1969 Bond described in said Resolution.

MINERAL WELLS PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(Post Office Box No. or Street Address)

Mineral Wells, West Virginia 26150
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

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

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

ARTICLE III

BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in Commercial Banking & Trust Company, Parkersburg, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Mineral Wells Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

*could be
invested
without
fear of
Committee
arbitr*

Until six months after completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Government on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installments on the Bonds if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" was established by the 1969 Resolution with the Bank named in Section 3.01. The Revenue Fund shall constitute a trust fund for the

purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, and subject to (E) below:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund hereby initially established with said Bank, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of \$26,000, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, hereby initially established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$13,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bond or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding,

to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such Fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) User Contracts. The Issuer shall, prior to delivery of the Bond, obtain signed user agreements from at least 20 bona fide new full time users, and shall collect from such users, and deposit in the Project Construction Account not less than \$2,000, based on a tap fee of \$100.

(E) Notwithstanding any other provision hereof, payments from the Revenue Fund shall be made simultaneously as in this Section provided with the times provided by the 1969 Resolution on account of the 1969 Bond, so that the funds and accounts established by the 1969 Resolution and hereby are treated in all respects as on a parity. All funds and accounts established by the 1969 Resolution and hereby shall be and are hereby ordered to be considered as identical and for the pro-rata benefit of the 1969 Bond and the Bond on the basis of the original amount of each series.

Differences in the depositories for the funds provided in
the 1969 Resolution and herein are to meet changed procedures.

ARTICLE IV

GENERAL COVENANTS

- - Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund and the Reserve Account established by the 1969 Resolution a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Government.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund and the Depreciation Reserve and the payments required in the 1969 Resolution and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds or the 1969 Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or

death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond, on a parity with such lien in favor of the 1969 Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event-of-Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 4.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser.

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges;
Rules. A. The schedule of rates and charges for the services and
facilities of the System shall initially be those now on file with
the Public Service Commission of West Virginia.

ARTICLE VI
MISCELLANEOUS

Section 6.01. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

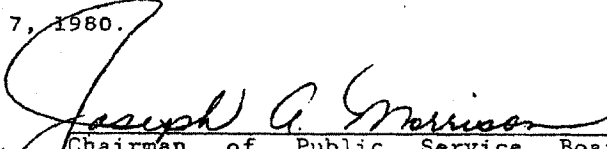
Section 6.02. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

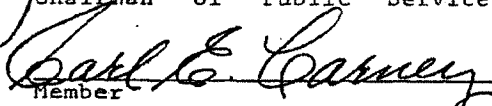
Section 6.03. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

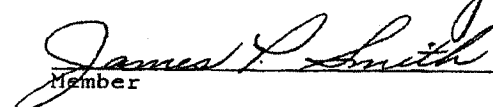
Section 6.04. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.05. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted January 7, 1980.


Chairman of Public Service Board


Member


Member

RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (SAMS CREEK/CHESTERVILLE ROAD EXTENSION PROJECT), SERIES 1997 A, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$650,000 ON A PARITY WITH THE SERIES 1969 BONDS AND THE SERIES 1979 BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF AN EXTENSION TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

MINERAL WELLS PUBLIC SERVICE DISTRICT
RESOLUTION AUTHORIZING THE ISSUANCE OF A \$650,000
WATER REVENUE BOND
(SAMS CREEK/CHESTERVILLE ROAD EXTENSION PROJECT)
SERIES 1997 A

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RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (SAMS CREEK/CHESTERVILLE ROAD EXTENSION PROJECT), SERIES 1997 A, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$650,000 ON A PARITY WITH THE SERIES 1969 BONDS AND THE SERIES 1979 BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF AN EXTENSION TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), other applicable provisions of law. Mineral Wells Public Service District (the "Issuer") is a public service district of Wood County, West Virginia, created pursuant to the Act by the County Commission of Wood County.

Section 1.02. Definitions. All capitalized terms used in this Resolution and not otherwise defined herein shall have the following meanings herein unless the context otherwise expressly requires:

"Bank" means Commercial Banking and Trust Company, Parkersburg, West Virginia, a member of the FDIC.

"Bond" means the \$650,000 Water Revenue Bond (Sams Creek/Chesterville Road Extension Project), Series 1997 A, authorized hereby.

"Bonds" means collectively the Bond, the Series 1969 Bond, and the Series 1979 Bond.

"Chairman" means the Chairman of the Governing Body.

"Construction Account" means the Mineral Wells Public Service District Construction Account established by Section 4.01 hereof.

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which at any time hereafter may be retained by the Issuer as Consulting Engineer for the System.

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Grant Proceeds" means the proceeds to be received by the Issuer from the grant described in Section 1.03 (D) hereof.

"Herein" means in this Resolution.

"Issuer" means Mineral Wells Public Service District, of Wood County, West Virginia, and, unless the context clearly indicates otherwise includes the Board of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

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

"Notes" means the line of credit notes of the Issuer as defined in Section 3.01 hereof.

"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 be 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.

"Prior Resolutions" means, collectively, the 1969 Resolution and the 1980 Resolution.

"Project" means the acquisition and construction of an extension to the existing waterworks system of the Issuer known as the Sams Creek/Chesterville Road Extension Project to be financed in part with the proceeds of the sale of the Bond, as herein provided.

"Project Costs" means all those costs set out in Section 1.03(E) hereof.

"Purchaser" means United States of America as the holder of the Bond.

"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) 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" from Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Resolution" means collectively this Resolution and any resolution of the Board supplemental hereto.

"1969 Resolution" means the Resolution adopted by the Issuer on October 7, 1969, authorizing the issuance of the Series 1969 Bonds.

"1980 Resolution" means the Resolution adopted by the Issuer on January 7, 1980, authorizing the issuance of the Series 1979 Bond.

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

"Series 1969 Bonds" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1979 Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1997 A Bond Reserve Account" means the Water Revenue Bond (Sams Creek/Chesterville Road Extension Project), Series 1997 A Reserve Account created and established by Section 4.02(B) hereof.

"Series 1997 A Bond Reserve Requirement" means the maximum amount of principal and interest which will come due on the Bond in the then current or any fiscal year thereafter.

"System" means the existing waterworks of the Issuer as expanded by the Project, and includes the complete waterworks of the Issuer and all facilities owned by the Issuer in connection with its waterworks and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks; and shall also include any and all additions, extensions, improvements, properties or other

facilities at any time acquired or constructed for the waterworks after completion of the Project.

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

Section 1.03. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Issuer now has a waterworks system which does not extend to the Sams Creek/Chesterville Road area of Wood County. The residents of that area urgently need water service and have requested the Issuer to provide such water service.

(B) The Project is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Mineral Wells Public Service District and, accordingly, it is hereby ordered that there be acquired and constructed an extension of the existing System of the Issuer to the Sams Creek/Chesterville Road area of Wood County, particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed with the Secretary of the Issuer. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of \$650,000 to finance a portion of the costs of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is \$1,250,000 of which \$650,000 will be obtained from the proceeds of the sale of the Bond herein authorized, and the balance, not to exceed \$600,000 will be obtained in the form of a grant from the United States Department of Agriculture, Rural Utilities Service.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond and the Notes or any note, bond, construction loan, or other indebtedness of the Issuer issued to provide interim financing of the Project in anticipation of the issuance of the Bond prior to, during and for six months after completion of such construction; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

(G) The only outstanding obligations of the Issuer which will rank on a parity with the Bond as to liens and source of and security for payment are the following:

Water System Revenue Bonds, Series 1969, dated October 7, 1969 ("Series 1969 Bonds"), issued in the original principal amount of \$322,000, bearing interest at the rate of 5% per annum; and

Water Revenue Bond, Series 1979, dated January 7, 1980 ("Series 1979 Bond"), issued in the original principal amount of \$430,000, bearing interest at the rate of 5% per annum;

(H) The Issuer has complied with all requirements of the law of West Virginia and the Prior Resolutions relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for a rehearing and appeal of which shall have been waived or shall have expired. The rates, charges and rules as provided by Article VI hereof shall be in full force and effect.

(I) Under the provisions of the Prior Resolutions, additional parity bonds may be issued by the Issuer only with the consent of the Purchaser, which consent, in writing, has been obtained and is filed in the office of the Issuer.

(J) The Purchaser is expected by the Issuer to purchase the entire principal amount of the Bond.

Section 1.04. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond (Sams Creek/Chesterville Road Extension Project), Series 1997 A", is hereby authorized to be

issued in the principal amount of \$650,000, for the purpose of financing in part the costs of the acquisition and construction of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, fully registered to the United States of America and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 4.875% per annum, and shall be sold at the par value thereof. The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to the principal of, and stated interest on, the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new bond or bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Secretary of the Issuer will keep or cause to be kept at the office of the Issuer, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Secretary shall register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

Section 2.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.06. Mutilated, Destroyed, Stolen or Lost Bond. In case the Bond shall become mutilated, destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder of the Bond furnishing the Issuer

proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Bond shall not be or constitute an indebtedness of the members of the Public Service Board of the Issuer but shall be payable solely from the Net Revenues and from funds in the Revenue Fund.

Section 2.08. Bond Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. Payment of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System and the funds on deposit in the Revenue Fund on a parity with the the Series 1969 Bonds and the Series 1979 Bond, in addition to the statutory mortgage lien on the System provided for herein. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, together with the funds on deposit in the Revenue Fund and the unexpended proceeds of the Bond are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.09. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

**WATER REVENUE BOND
(SAMS CREEK/CHESTERVILLE ROAD EXTENSION PROJECT),
SERIES 1997 A**

MINERAL WELLS PUBLIC SERVICE DISTRICT

\$650,000.00

No. R-1

Date: _____, 1997

MINERAL WELLS PUBLIC SERVICE DISTRICT (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 \$650,000.00, 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") and Resolutions of the Issuer adopted on October 7, 1969, January 7, 1980, and on August 6, 1997.

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 in all respects with the Series 1969 Bonds and the Series 1979 Bond described in the Resolutions above described.

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

_____, 1997 United States of America
Post Office Box 678
Morgantown, West Virginia 26505

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA

By: _____

(Title)

ARTICLE III

INTERIM CONSTRUCTION FINANCING

Section 3.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the gross proceeds of the Bond and the Grant Proceeds, the Issuer may issue and sell its Notes, in an aggregate principal amount not to exceed \$650,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the indenture or supplemental resolution, as applicable.

Section 3.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued with such terms and secured in the manner set forth in an indenture, if applicable (which indenture in the form to be executed and delivered by the Issuer shall be approved by the supplemental resolution), or supplemental resolution, if no indenture is used.

Section 3.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the surplus revenues, letter of credit proceeds, if any, and other sources described in an indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in an indenture or the supplemental resolution.

Section 3.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay the trustee to be appointed by a supplemental resolution, upon presentation by the trustee of certain certificates, the sum or sums set forth therein but not to exceed \$650,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE IV

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 4.01. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited on receipt by the Issuer in the Bank, in a special account hereby created and designated "Mineral Wells Public Service District, Sams Creek/Chesterville Road Extension Project Construction Account". The moneys in the Construction Account in excess of the amount insured by FDIC shall be secured at all times by the 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 Construction Account 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 Construction Account 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 Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the Construction Account 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 Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in 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 Construction Account.

When construction of the Project has been completed and all costs have been paid or provision for such payment has been made, any balance remaining in the Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.02. Covenants of the Issuer as to Revenues and Funds. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 1997 A Bond Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in the Revenue Fund established by the 1969 Resolution. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Resolutions and herein and shall be kept separate and apart from all other funds of the Issuer and used only for the purposes and in the manner provided herein. The holder of the Bond shall have a lien on and a pledge, hereby granted, of all the revenues of the System, as herein provided, and a statutory mortgage lien upon the System, granted and created by the Act, as long as the Bond remains unpaid, on a parity in all respects with the holders of the Series 1969 Bonds and the Series 1979 Bond.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pro rata (i) pay to the West Virginia Municipal Bond Commission, for deposit into the Sinking Fund established by the 1969 Resolution one-twelfth of the amount of principal maturing on the Series 1969 Bonds on the next principal maturity date and one-twelfth of the amount required to pay the interest becoming due on the Series 1969 Bonds on the next interest payment date and (ii) pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Series 1979 Bond and the Bond, and to amortize the principal of the Series 1979 Bond and the Bond over the lives of the Series 1979 Bond and the Bond, respectively.

(3) The Issuer shall next, by the fifteenth day of each month beginning with and including the month in which the first principal installment is due upon the Bond, transfer from the Revenue Fund and deposit pro rata (i) in the Reserve Account established by the 1969 Resolution within the Sinking Fund, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the 1969 Bonds until the amount in the Reserve Account is equal to the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds; (ii) in the Reserve Fund established by the 1980 Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1979 Bond until the amount in the Reserve Fund is equal to the Minimum Reserve as defined in the 1979 Resolution; and (iii) in an account to be designated the "Series 1997 A Bond Reserve Account" which is hereby established with the Bank and within the Reserve Fund, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Bond until the amount in the Series 1997 A Bond Reserve Account is equal to the Series 1997 A Bond Reserve Requirement. After the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds has been accumulated in the Reserve Account, the Minimum Reserve has been accumulated in the Reserve Fund, and the Series 1997 A Bond Reserve

Requirement has been accumulated in the Series 1997 A Bond Reserve Account, the Issuer shall deposit monthly pro rata into the Reserve Account, the Reserve Fund, and the Series 1997 A Bond Reserve Account, such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds, the Minimum Reserve, and the Series 1997 A Bond Reserve Requirement. Moneys in the Reserve Account shall be used solely to make up any deficiency in the Sinking Fund payment of the principal and interest on the Series 1969 Bonds as the same shall mature or for mandatory prepayment of the Series 1969 Bonds, as provided in the 1969 Resolution and herein, and for no other purpose. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1979 Bond as the same shall become due, for prepayment of installments on the Series 1979 Bond or for mandatory prepayment of the Series 1979 Bond as provided in the 1980 Resolution and herein, and for no other purpose. Moneys in the Series 1997 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Bond as the same shall become due, for prepayment of installments on the Bond or for mandatory prepayment of the Bond as provided herein, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit pro rata (i) in the Depreciation Reserve established with the West Virginia Municipal Bond Commission by the 1969 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of \$9,000.00 and thereafter such sums as shall be required to maintain such amount therein, and (ii) in the Depreciation Reserve established with the Bank by the 1980 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of \$13,000.00 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve established by the 1969 Resolution shall be used first to make up any deficiencies in the Sinking Fund for payment of principal and interest on the Series 1969 Bonds as the same mature, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof, and for capital additions and improvements for the System. Moneys in the Depreciation Reserve established by the 1980 Resolution shall be used first to make up any deficiencies for monthly payments of installments on the Series 1979 Bond as the same mature, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements

for the System, or any part thereof, and for capital additions and improvements for the System.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds or for any lawful purpose.

Whenever the money in the Series 1997 A Bond Reserve Account shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The West Virginia Municipal Bond Commission is hereby designated as Fiscal Agent for the administration of the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund. The Bank (and any successor appointed by the Issuer) is hereby designated as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used solely for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund, the Reserve Fund, the 1997 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of state and municipal funds under the laws of the State of West Virginia. The Bank shall not be a trustee as to such funds.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The West Virginia Municipal Bond Commission shall keep the moneys in the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. The Bank shall

keep the moneys in the Reserve Fund, the Series 1997 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America. Earnings upon moneys in the Reserve Fund and the Series 1997 A Bond Reserve Account, as long as the Minimum Reserve and the Series 1997 A Bond Reserve Requirement are on deposit and maintained in the Reserve Fund shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Bank as Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution if the Bank should cease for any reason to serve or if the Board determines by resolution that the Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Board will cause note of the change to be sent by registered or certified mail to the Purchaser.

(D) Additional User Contracts. The Issuer shall, prior to delivery of the Bond, have at least 1417 bona fide users of the System.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, the Reserve Account, and the Series 1997 A Bond Reserve Account a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect the holders of the Bonds, the covenants, agreements and provisions contained herein shall, where applicable, also inure to the benefit of the holders of the Notes and the trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the trustee or any holder or holders of the Notes as prescribed in the indenture or supplemental resolution; provided, that Section 5.05 shall not be applied to the Notes.

Section 5.02. Covenants of Prior Resolutions Applicable. All covenants and provisions of the Prior Resolutions except for any and all covenants relating

to arbitrage and those covenants specifically herein modified shall apply equally and ratably to the Bond.

Section 5.03. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No holder or holders of any Bonds or Notes shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 5.04. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund, the Reserve Account, the Series 1997 A Bond Reserve Account, the Depreciation Reserve established by the 1969 Resolution, the Depreciation Reserve established by the 1980 Resolution and all the necessary expenses of operating and maintaining the System during such fiscal year, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 5.05. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bond for the benefit of the holder of the Bond on a parity with the Series 1969 Bonds and the Series 1979 Bond.

Section 5.06. Interim Financing. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond and the Notes, if issued, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which shall have been waived or shall have expired. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Bond proceeds, grant receipts, surplus revenues and proceeds from a letter of credit, if any, all as shall be set forth in the indenture or a supplemental resolution authorizing the Notes.

Section 5.07. Investments. The Issuer shall invest and reinvest, and hereby instructs the Bank to invest and reinvest, in Qualified Investments any moneys held as part of the funds and accounts created by this Resolution, other than the Revenue Fund, to the fullest extent possible subject to applicable laws and this Resolution, and the need for such moneys for the purposes set forth herein, and the specific restrictions and

provisions set forth in this Section 5.07. The Issuer may direct the Bank in writing as to what particular permitted investments shall be made.

Except as provided herein and in the indenture, if any, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding fund or account. The Bank 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 any loss on such liquidation. The Issuer may invest funds on deposit with the Bank through the trust department of the Bank. The Bank shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges: Rules. The schedule of rates and charges for the services and facilities of the extension to the System initially shall be those contained in the Orders of the Public Service Commission of West Virginia dated June 19, 1997, and July 25, 1997, and such rates are hereby adopted.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Modification or Amendment. No modification or amendment of this Resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Purchaser.

Section 7.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Issuer are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited,

or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed, but excluding the Loan Resolution (Form FmHA 442-47) and the Prior Resolutions.

Section 7.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.06. Covenant of Due Procedure, etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and the Treasurer of the Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such service.

This Resolution shall become effective immediately upon its adoption.

Adopted August 6, 1997.



Chairman, Public Service Board

PKB-18864

CERTIFICATION

I, James R. Lett, Secretary of the Public Service Board of the Mineral Wells Public Service District, Wood County, West Virginia, do hereby certify that the attached is a true and accurate copy of the Resolution adopted by the Public Service Board on August 6, 1997, authorizing the Mineral Wells Public Service District's Water Revenue Bond (Sams Creek/Chesterville Road Extension Project), Series 1997 A.

Given under my hand and seal of Mineral Wells Public Service District this 14th day of August, 1997.


Secretary

[SEAL]

RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (ROCKPORT EXTENSION PROJECT), SERIES 1999 A, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$700,000 ON A PARITY WITH THE SERIES 1969 BONDS, THE SERIES 1979 BOND, THE SERIES 1997 A BOND, AND THE SERIES 1999 B BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF AN EXTENSION TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

MINERAL WELLS PUBLIC SERVICE DISTRICT
RESOLUTION AUTHORIZING THE ISSUANCE OF A \$700,000
WATER REVENUE BOND
(ROCKPORT EXTENSION PROJECT)
SERIES 1999 A

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RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (ROCKPORT EXTENSION PROJECT), SERIES 1999 A, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$700,000 ON A PARITY WITH THE SERIES 1969 BONDS, THE SERIES 1979 BOND, THE SERIES 1997 A BOND, AND THE SERIES 1999 B BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF AN EXTENSION TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), other applicable provisions of law. Mineral Wells Public Service District (the "Issuer") is a public service district of Wood County, West Virginia, created pursuant to the Act by the County Commission of Wood County.

Section 1.02. Definitions. All capitalized terms used in this Resolution and not otherwise defined herein shall have the following meanings herein unless the context otherwise expressly requires:

"Bank" means Wesbanco Bank Parkersburg, a state banking corporation and a member of the FDIC.

"Bond" means the \$700,000 Water Revenue Bond (Rockport Extension Project), Series 1999 A, authorized hereby.

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

"Bonds" means collectively the Bond, the Series 1969 Bond, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 B Bond.

"Chairman" means the Chairman of the Governing Body.

"Construction Account" means the 1999 A Mineral Wells Public Service District Construction Account established by Section 4.01 hereof.

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which at any time hereafter may be retained by the Issuer as Consulting Engineer for the System.

"FDIC" means the Federal Deposit Insurance Corporation.

"Governing Body" means the Public Service Board of the Issuer.

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

"Grant Proceeds" means the proceeds to be received by the Issuer from the grant described in Section 1.03 (D) hereof.

"Herein" means in this Resolution.

"Issuer" means Mineral Wells Public Service District, of Wood County, West Virginia, and, unless the context clearly indicates otherwise includes the Board of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

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

"Notes" means the line of credit notes of the Issuer as defined in Section 3.01 hereof.

"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 be 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.

"Prior Resolutions" means, collectively, the 1969 Resolution, 1980 Resolution and the 1997 Resolution.

"Project" means the acquisition and construction of an extension to the existing waterworks system of the Issuer known as the Rockport Extension Project to be financed in part with the proceeds of the sale of the Bond, as herein provided.

"Project Costs" means all those costs set out in Section 1.03(E) hereof.

"Purchaser" means United States of America as the holder of the Bond.

"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) 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" from Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Resolution" means collectively this Resolution and any resolution of the Board supplemental hereto.

"1969 Resolution" means the Resolution adopted by the Issuer on October 7, 1969, authorizing the issuance of the Series 1969 Bonds.

"1980 Resolution" means the Resolution adopted by the Issuer on January 7, 1980, authorizing the issuance of the Series 1979 Bond.

"1997 Resolution" means the Resolution adopted by the Issuer on August 6, 1997, authorizing the issuance of the Series 1997 A Bond.

"1999 B Resolution" means the Resolution adopted by the Issuer on September 23, 1999, authorizing the issuance of the Series 1999 B Bond.

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

"Series 1969 Bonds" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1979 Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1997 A Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1999 B Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1999 A Bond Reserve Account" means the Water Revenue Bond (Rockport Road Extension Project), Series 1999 A Reserve Account created and established by Section 4.02(B) hereof.

"Series 1999 A Bond Reserve Requirement" means the maximum amount of principal and interest which will come due on the Bond in the then current or any fiscal year thereafter.

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

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

Section 1.03. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Issuer now has a waterworks system which does not extend to the Rockport area of Wood County. The residents of that area urgently need water service and have requested the Issuer to provide such water service.

(B) The Project is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Mineral Wells Public Service District and, accordingly, it is hereby ordered that there be acquired and constructed an extension of the existing System of the Issuer to the Rockport area of Wood County, particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed with the Secretary of the Issuer. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of \$700,000 to finance a portion of the costs of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is \$1,200,000 of which \$700,000 will be obtained from the proceeds of the sale of the Bond herein authorized, and the balance, not to exceed \$500,000 will be obtained in the form of a grant from the United States Department of Agriculture, Rural Utilities Service.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction of the Project; the acquisition of any necessary property, real or personal,

or interest therein; interest on the Bond and the Notes or any note, bond, construction loan, or other indebtedness of the Issuer issued to provide interim financing of the Project in anticipation of the issuance of the Bond prior to, during and for six months after completion of such construction; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby..

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

(G) The only obligations of the Issuer outstanding or to be issued on the date hereof which will rank on a parity with the Bond as to liens and source of and security for payment are the following:

Water System Revenue Bonds, Series 1969, dated October 7, 1969 ("Series 1969 Bonds"), issued in the original principal amount of \$322,000, bearing interest at the rate of 5% per annum;

Water Revenue Bond, Series 1979, dated January 7, 1980 ("Series 1979 Bond"), issued in the original principal amount of \$430,000, bearing interest at the rate of 5% per annum;

Water Revenue Bond, Series 1997 A, dated August 14, 1997 ("Series 1997 A Bond"), issued in the original principal amount of \$650,000, bearing interest at the rate of 4.875% per annum;

Water Revenue Bond, Series 1999 B, dated September 23, 1999 ("Series 1999 B Bond"), issued in the original principal amount of \$2,012,000, bearing interest at the rate of 5.125% per annum;

(H) The Issuer has complied with all requirements of the law of West Virginia, the Prior Resolutions, and the 1999 B Resolution relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for a rehearing and appeal of which shall have been waived or shall have expired. The rates, charges and rules as provided by Article VI hereof shall be in full force and effect.

(I) Under the provisions of the Prior Resolutions and the 1999 B Resolution, additional parity bonds may be issued by the Issuer only with the consent of the Purchaser, which consent, in writing, has been obtained and is filed in the office of the Issuer.

(J) The Purchaser is expected by the Issuer to purchase the entire principal amount of the Bond.

Section 1.04. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond (Rockport Project), Series 1999 A", is hereby authorized to be issued in the principal amount of \$700,000, for the purpose of financing in part the costs of the acquisition and construction of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, fully registered to the United States of America and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 4.75% per annum, and shall be sold at the par value thereof. The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to the principal of, and stated interest on, the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new bond or bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Secretary of the Issuer will keep or cause to be kept at the office of the Issuer, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Secretary shall register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

Section 2.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.06. Mutilated, Destroyed, Stolen or Lost Bond. In case the Bond shall become mutilated, destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder of the Bond furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Bond shall not be or constitute an indebtedness of the members of the Public Service Board of the Issuer but shall be payable solely from the Net Revenues and from funds in the Revenue Fund.

Section 2.08. Bond Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. Payment of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System and the funds on deposit in the Revenue Fund on a parity with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 B Bond in addition to the statutory mortgage lien on the System provided for herein. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, together with the funds on deposit in the Revenue Fund and the unexpended proceeds of the Bond are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.09. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND
(ROCKPORT EXTENSION PROJECT),
SERIES 1999 A

MINERAL WELLS PUBLIC SERVICE DISTRICT

\$700,000.00

No. R-1

Date: _____, 1999

MINERAL WELLS PUBLIC SERVICE DISTRICT (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 \$700,000.00, 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") and Resolutions of the Issuer adopted

on October 7, 1969, January 7, 1980, August 6, 1997, _____, 1999 (the 1999 A Resolution), and _____, 1999 (the 1999 B 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 in all respects with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 B Bond described in the Resolutions above described.

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

_____, 1999

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

ASSIGNMENT

Pay to the Order of

UNITED STATES OF AMERICA

By:

(Title)

ARTICLE III

INTERIM CONSTRUCTION FINANCING

Section 3.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the gross proceeds of the Bond and the Grant Proceeds, the Issuer may issue and sell its Notes, in an aggregate principal amount not to exceed \$500,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the indenture or supplemental resolution, as applicable.

Section 3.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued with such terms and secured in the manner set forth in an indenture, if applicable (which indenture in the form to be executed and delivered by the Issuer shall be approved by the supplemental resolution), or supplemental resolution, if no indenture is used.

Section 3.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the surplus revenues, letter of credit proceeds, if any, and other sources described in an indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in an indenture or the supplemental resolution.

Section 3.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay the trustee to be appointed by a supplemental resolution, upon presentation by the trustee of certain certificates, the sum or sums set forth therein but not to exceed \$500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE IV

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 4.01. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited on receipt by the Issuer in the Bank, in a special account hereby created and designated "Mineral Wells Public Service District, Rockport Extension Project Construction Account" (the "1999 A Construction Account"). The moneys in the 1999 A Construction Account in excess of the amount insured by FDIC shall be secured at all times by the 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 1999 A Construction Account 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 1999 A Construction Account 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 Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the 1999 A Construction Account 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 1999 A Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in 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 1999 A Construction Account.

When construction of the Project has been completed and all costs have been paid or provision for such payment has been made, any balance remaining in the 1999 A Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.02. Covenants of the Issuer as to Revenues and Funds. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 1999 A Bond Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) **Revenue Fund.** The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in the Revenue Fund established by the 1969 Resolution. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Resolutions, the 1999 B Resolution, and herein and shall

be kept separate and apart from all other funds of the Issuer and used only for the purposes and in the manner provided herein. The holder of the Bond shall have a lien on and a pledge, hereby granted, of the Net Revenues of the System, as herein provided, and a statutory mortgage lien upon the System, granted and created by the Act, as long as the Bond remains unpaid, on a parity in all respects with the holders of the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 B Bond.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pro rata (i) pay to the West Virginia Municipal Bond Commission, for deposit into the Sinking Fund established by the 1969 Resolution one-twelfth of the amount of principal maturing on the Series 1969 Bonds on the next principal maturity date and one-twelfth of the amount required to pay the interest becoming due on the Series 1969 Bonds on the next interest payment date and (ii) pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 B Bond, and the Bond, and to amortize the principal of the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 B Bond, and the Bond over the lives of the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 B Bond, and the Bond, respectively.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit pro rata (i) in the Reserve Account established by the 1969 Resolution within the Sinking Fund, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the 1969 Bonds until the amount in the Reserve Account is equal to the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds; (ii) in the Reserve Fund established by the 1980 Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1979 Bond until the amount in the Reserve Fund is equal to the Minimum Reserve as defined in the 1980 Resolution; (iii) in the Series 1997 A Bond Reserve Account established by the 1997 Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1997 A Bond until the amount in the Series 1997 A Bond Reserve Account is equal to the Series 1997 A Bond Reserve Requirement as defined in the 1997 Resolution; (iv) beginning with and including the month in which the first principal installment is due upon the Series 1999 B Bond, in the Series 1999 B Bond Reserve Account established by the 1999 B Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1999 B Bond until the amount in the Series 1999 B Bond Reserve Account is equal to the Series 1999 B Bond Reserve Requirement as defined in the 1999 B Resolution; and (v) beginning with and including the month in which the first principal installment is due upon the Bond, in an account to be designated the "Series 1999 A Bond Reserve Account" which is hereby established with the Bank, one-twelfth of one-tenth of the maximum

annual aggregate amount of interest and principal which will fall due on the Bond until the amount in the Series 1999 A Bond Reserve Account is equal to the Series 1999 A Bond Reserve Requirement. After the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds has been accumulated in the Reserve Account, the Minimum Reserve has been accumulated in the Reserve Fund, the Series 1997 A Bond Reserve Requirement has been accumulated in the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Requirement has been accumulated in the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Requirement has been accumulated in the Series 1999 A Bond Reserve Account, the Issuer shall deposit monthly pro rata into the Reserve Account, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds, the Minimum Reserve, the Series 1997 A Bond Reserve Requirement, the Series 1999 B Bond Reserve Requirement, and the Series 1999 A Bond Reserve Requirement, respectively. Moneys in the Reserve Account shall be used solely to make up any deficiency in the Sinking Fund payment of the principal and interest on the Series 1969 Bonds as the same shall mature or for mandatory prepayment of the Series 1969 Bonds, as provided in the 1969 Resolution and herein, and for no other purpose. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1979 Bond as the same shall become due, for prepayment of installments on the Series 1979 Bond or for mandatory prepayment of the Series 1979 Bond as provided in the 1980 Resolution and herein, and for no other purpose. Moneys in the Series 1997 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1997 A Bond as the same shall become due, for prepayment of installments on the Series 1997 A Bond or for mandatory prepayment of the Series 1997 A Bond as provided in the 1997 Resolution and herein, and for no other purpose. Moneys in the Series 1999 B Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1999 B Bond as the same shall become due, for prepayment of installments on the Series 1999 B Bond or for mandatory prepayment of the Series 1999 B Bond as provided in the 1999 B Resolution and herein, and for no other purpose. Moneys in the Series 1999 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Bond as the same shall become due, for prepayment of installments on the Bond or for mandatory prepayment of the Bond as provided herein, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit pro rata (i) in the Depreciation Reserve established with the West Virginia Municipal Bond Commission by the 1969 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of \$9,000.00 and thereafter such sums as shall be required to maintain such amount therein, and (ii) in the Depreciation Reserve established with the Bank by the 1980 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of \$13,000.00 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the

Depreciation Reserve established by the 1969 Resolution shall be used first to make up any deficiencies in the Sinking Fund for payment of principal and interest on the Series 1969 Bonds as the same mature, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof, and for capital additions and improvements for the System. Moneys in the Depreciation Reserve established by the 1980 Resolution shall be used first to make up any deficiencies for monthly payments of installments on the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 B Bond and the Bond as the same mature, and next to restore to the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Account are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof, and for capital additions and improvements for the System.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds or for any lawful purpose.

Whenever the money in the Series 1999 A Bond Reserve Account shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The West Virginia Municipal Bond Commission is hereby designated as Fiscal Agent for the administration of the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund. The Bank (and any successor appointed by the Issuer) is hereby designated as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used solely for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, the Series 1999 A Bond Reserve

Account, and the Depreciation Reserve established by the 1980 Resolution shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of state and municipal funds under the laws of the State of West Virginia. The Bank shall not be a trustee as to such funds.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The West Virginia Municipal Bond Commission shall keep the moneys in the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. The Bank shall keep the moneys in the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America. Earnings upon moneys in the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Account, as long as the Minimum Reserve, the Series 1997 A Bond Reserve Requirement, the Series 1999 B Bond Reserve Requirement, and the Series 1999 A Bond Reserve Requirement are on deposit and maintained in the Reserve Fund shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Bank as Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 199 B Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution if the Bank should cease for any reason to serve or if the Board determines by resolution that the Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Board will cause note of the change to be sent by registered or certified mail to the Purchaser.

(D) Additional User Contracts. The Issuer shall, prior to delivery of the Bond, have at least 85 bona fide users of the System located within the Project area.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund, the Reserve Account, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Series 1999 A Bond Reserve Account a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect the holders of the Bonds, the covenants, agreements and provisions contained herein shall, where applicable, also inure to the benefit of the holders of the Notes and the trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the trustee or any holder or holders of the Notes as prescribed in the indenture or supplemental resolution; provided, that Section 5.04 shall not be applied to the Notes.

Section 5.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No holder or holders of any Bonds or Notes shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 5.03. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund, the Reserve Account, the Series 1997 A Bond Reserve Account, the Depreciation Reserve established by the 1969 Resolution, the Depreciation Reserve established by the 1980 Resolution and all the necessary expenses of operating and maintaining the System during such fiscal year, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 5.04. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bond for the benefit of the holder of the Bond on a parity with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 B Bond.

Section 5.05. Authorizations; Interim Financing. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond and the Notes, if issued, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which shall have been waived or shall have expired. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Bond proceeds, grant receipts, surplus revenues and proceeds from a letter of credit, if any, all as shall be set forth in the indenture or a supplemental resolution authorizing the Notes.

Section 5.06. Investments. The Issuer shall invest and reinvest, and hereby instructs the Bank to invest and reinvest, in Qualified Investments any moneys held as part of the funds and accounts created by this Resolution, other than the Revenue Fund, to the fullest extent possible subject to applicable laws and this Resolution, and the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 5.06. The Issuer may direct the Bank in writing as to what particular permitted investments shall be made.

Except as provided herein and in the indenture, if any, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding fund or account. The Bank 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 any loss on such liquidation. The Issuer may invest funds on deposit with the Bank through the trust department of the Bank. The Bank shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

Section 5.07. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of the adoption hereof, subject to permitted changes.

Section 5.08. Maintenance of the System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.09. No Competition. To the extent allowable by law, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 5.10. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds are outstanding. Such consent will provide for the disposition of the proceeds of the sale.

Section 5.11. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the Revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser so long as the Purchaser is the sole Holder of the Bond, and if the Purchaser is not the sole Holder of the Bond, with the written consent of Bondholders representing 75% of the outstanding principal of the Bond.

Section 5.12. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required for each contractor, and such payment bonds will be filed with the Clerk of the County Commission of said county prior to commencement of construction of the

Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia of 1931, as amended.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Purchaser and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(f) Provided, however, in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such type and in such amounts as the Purchaser may specify, with insurance companies or bonding companies acceptable to the Purchaser.

Section 5.13. Fiscal Year, Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each fiscal year, the Issuer agrees to adopt the annual budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the annual budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each annual budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the annual budget before the first day of any fiscal year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next fiscal year receding by more than ten per centum; and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless failure to adopt an annual budget be for a reason beyond the control of the Issuer. Each such budget of current expenses shall be mailed immediately to the Purchaser.

Section 5.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser.

Section 5.15. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is a default in the performance of or compliance with any covenant or provision hereof.

Section 5.16. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.17. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.18. Wetlands Covenant. The Issuer shall not use any 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 5.16(B) of this Resolution.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. The schedule of rates and charges for the services and facilities of the extension to the System initially shall be those contained in the Recommended Decision of the Public Service Commission of West Virginia dated June 25, 1999, as modified by the Commission Corrective Order dated September 17, 1999, and such rates are hereby adopted.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Modification or Amendment. No modification or amendment of this Resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Purchaser.

Section 7.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Issuer are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

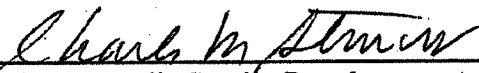
Section 7.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed, but excluding the Loan Resolution (Form FmHA 442-47) and Prior Resolutions, and the 1999 B Resolution.

Section 7.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.06. Covenant of Due Procedure, etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and the Treasurer of the Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such service.

This Resolution shall become effective immediately upon its adoption.

Adopted September 23, 1999.

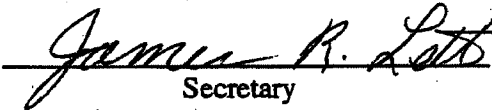

Chairman, Public Service Board

GBB.GBB.0052246

CERTIFICATION

I, James R. Lett, Secretary of the Public Service Board of the Mineral Wells Public Service District, Wood County, West Virginia, do hereby certify that the attached is a true and accurate copy of the Resolution adopted by the Public Service Board on September 23, 1999, authorizing the Mineral Wells Public Service District's Water Revenue Bond (Rockport Extension Project), Series 1999 A.

Given under my hand and seal of Mineral Wells Public Service District this 23rd day of September, 1999.


Secretary

[SEAL]

RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (SYSTEM ENHANCEMENT AND SUGAR CAMP RUN PROJECT), SERIES 1999 B, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,012,000 ON A PARITY WITH THE SERIES 1969 BONDS, THE SERIES 1979 BOND, THE SERIES 1997 A BOND, AND THE SERIES 1999 A BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

MINERAL WELLS PUBLIC SERVICE DISTRICT
RESOLUTION AUTHORIZING THE ISSUANCE OF A \$2,012,000
WATER REVENUE BOND
(SYSTEM ENHANCEMENT AND SUGAR CAMP RUN PROJECT)
SERIES 1999 B

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RESOLUTION AUTHORIZING THE ISSUANCE OF A WATER REVENUE BOND (SYSTEM ENHANCEMENT AND SUGAR CAMP RUN PROJECT), SERIES 1999 B, OF MINERAL WELLS PUBLIC SERVICE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,012,000 ON A PARITY WITH THE SERIES 1969 BONDS, THE SERIES 1979 BOND, THE SERIES 1997 A BOND, AND THE SERIES 1999 A BOND TO FINANCE THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; AUTHORIZING INTERIM CONSTRUCTION FINANCING; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND THE HOLDERS OF THE INTERIM FINANCING NOTES AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), other applicable provisions of law. Mineral Wells Public Service District (the "Issuer") is a public service district of Wood County, West Virginia, created pursuant to the Act by the County Commission of Wood County.

Section 1.02. Definitions. All capitalized terms used in this Resolution and not otherwise defined herein shall have the following meanings herein unless the context otherwise expressly requires:

"Bank" means Wesbanco Bank Parkersburg, a state banking corporation and a member of the FDIC.

"Bond" means the \$2,012,000 Water Revenue Bond (System Enhancement and Sugar Camp Run Project), Series 1999 B, authorized hereby.

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

"Bonds" means collectively the Bond, the Series 1969 Bond, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 A Bond.

"Chairman" means the Chairman of the Governing Body.

"Construction Account" means the 1999 B Mineral Wells Public Service District Construction Account established by Section 4.01 hereof.

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which at any time hereafter may be retained by the Issuer as Consulting Engineer for the System.

"FDIC" means the Federal Deposit Insurance Corporation.

"Governing Body" means the Public Service Board of the Issuer.

"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.

"Herein" means in this Resolution.

"Issuer" means Mineral Wells Public Service District, of Wood County, West Virginia, and, unless the context clearly indicates otherwise includes the Board of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

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

"Notes" means the line of credit notes of the Issuer as defined in Section 3.01 hereof.

"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 be 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.

"Prior Resolutions" means, collectively, the 1969 Resolution, 1980 Resolution and the 1997 Resolution.

"Project" means the acquisition and construction of an extension to the existing waterworks system of the Issuer known as the System Enhancement and Sugar Camp Run Project to be financed in part with the proceeds of the sale of the Bond, as herein provided.

"Project Costs" means all those costs set out in Section 1.03(E) hereof.

"Purchaser" means United States of America as the holder of the Bond.

"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) 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" from Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Resolution" means collectively this Resolution and any resolution of the Board supplemental hereto.

"1969 Resolution" means the Resolution adopted by the Issuer on October 7, 1969, authorizing the issuance of the Series 1969 Bonds.

"1980 Resolution" means the Resolution adopted by the Issuer on January 7, 1980, authorizing the issuance of the Series 1979 Bond.

"1997 Resolution" means the Resolution adopted by the Issuer on August 6, 1997, authorizing the issuance of the Series 1997 A Bond.

"1999 A Resolution" means the Resolution adopted by the Issuer on September 23, 1999, authorizing the issuance of the Series 1999 A Bond.

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

"Series 1969 Bonds" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1979 Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1997 A Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1999 A Bond" shall have the meaning provided in Section 1.03(G) hereof.

"Series 1999 B Bond Reserve Account" means the Water Revenue Bond (System Enhancement and Sugar Camp Run Project), Series 1999 B Reserve Account created and established by Section 4.02(B) hereof.

"Series 1999 B Bond Reserve Requirement" means the maximum amount of principal and interest which will come due on the Bond in the then current or any fiscal year thereafter.

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

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

Section 1.03. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Issuer now has a waterworks system in Wood County, which furnishes water service to residences, premises and businesses located within and without the area of the Issuer. However, there are residents of the Issuer who are not currently served by a water system, and the System is in need of certain additions and improvements.

(B) The Project is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Mineral Wells Public Service District and, accordingly, it is hereby ordered that there be acquired and constructed certain additions and improvements to the existing System of the Issuer, as more particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed with the Secretary of the Issuer. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of \$2,012,000 to finance the costs of such acquisition and construction in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is \$2,012,000 which will be obtained from the proceeds of the sale of the Bond herein authorized.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond and the Notes or any note, bond, construction loan, or other

indebtedness of the Issuer issued to provide interim financing of the Project in anticipation of the issuance of the Bond prior to, during and for six months after completion of such construction; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

(G) The only obligations of the Issuer outstanding or to be issued on the date hereof which will rank on a parity with the Bond as to liens and source of and security for payment are the following:

Water System Revenue Bonds, Series 1969, dated October 7, 1969 ("Series 1969 Bonds"), issued in the original principal amount of \$322,000, bearing interest at the rate of 5% per annum;

Water Revenue Bond, Series 1979, dated January 7, 1980 ("Series 1979 Bond"), issued in the original principal amount of \$430,000, bearing interest at the rate of 5% per annum;

Water Revenue Bond, Series 1997 A, dated August 14, 1997 ("Series 1997 A Bond"), issued in the original principal amount of \$650,000, bearing interest at the rate of 4.875% per annum;

Water Revenue Bond, Series 1999 A, dated September 23, 1999 ("Series 1999 A Bond"), issued in the original principal amount of \$700,000, bearing interest at the rate of 4.75% per annum;

(H) The Issuer has complied with all requirements of the law of West Virginia, the Prior Resolutions, and the 1999 A Resolution relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for a rehearing and appeal of which shall have been waived or shall have expired. The rates, charges and rules as provided by Article VI hereof shall be in full force and effect.

(I) Under the provisions of the Prior Resolutions and the 1999 A Resolution, additional parity bonds may be issued by the Issuer only with the consent of the Purchaser, which consent, in writing, has been obtained and is filed in the office of the Issuer.

(J) The Purchaser is expected by the Issuer to purchase the entire principal amount of the Bond.

Section 1.04. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution shall be deemed to be and shall constitute a contract

between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond (Rockport Project), Series 1999 B", is hereby authorized to be issued in the principal amount of \$2,012,000, for the purpose of financing in part the costs of the acquisition and construction of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, fully registered to the United States of America and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of 5.125% per annum, and shall be sold at the par value thereof. The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the bond form hereinafter set forth.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to the principal of, and stated interest on, the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new bond or bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Secretary of the Issuer will keep or cause to be kept at the office of the Issuer, sufficient books for the registration and transfer of the Bond, and, upon

presentation for such purpose, the Secretary shall register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

Section 2.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.06. Mutilated, Destroyed, Stolen or Lost Bond. In case the Bond shall become mutilated, destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder of the Bond furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and; if such bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond not to be Indebtedness of the Members of the Public Service Board of the Issuer. The Bond shall not be or constitute an indebtedness of the members of the Public Service Board of the Issuer but shall be payable solely from the Net Revenues and from funds in the Revenue Fund.

Section 2.08. Bond Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. Payment of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System and the funds on deposit in the Revenue Fund on a parity with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 A Bond in addition to the statutory mortgage lien on the System provided for herein. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, together with the funds on deposit in the Revenue Fund and the unexpended proceeds of the Bond are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.09. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND
(SYSTEM ENHANCEMENT AND SUGAR CAMP RUN PROJECT),
SERIES 1999 B

MINERAL WELLS PUBLIC SERVICE DISTRICT

\$2,012,000.00

No. R-1

Date: _____, 1999

MINERAL WELLS PUBLIC SERVICE DISTRICT (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 \$2,012,000.00, 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") and Resolutions of the Issuer adopted

on October 7, 1969, January 7, 1980, August 6, 1997, _____, 1999 (the 1999 A Resolution), and _____, 1999 (the 1999 B 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 in all respects with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 A Bond described in the Resolutions above described.

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

_____, 1999

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

ASSIGNMENT

Pay to the Order of

UNITED STATES OF AMERICA

By:

(Title)

ARTICLE III

INTERIM CONSTRUCTION FINANCING

Section 3.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the gross proceeds of the Bond, the Issuer may issue and sell its Notes, in an aggregate principal amount not to exceed \$500,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the indenture or supplemental resolution, as applicable.

Section 3.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued with such terms and secured in the manner set forth in an indenture, if applicable (which indenture in the form to be executed and delivered by the Issuer shall be approved by the supplemental resolution), or supplemental resolution, if no indenture is used.

Section 3.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the surplus revenues, letter of credit proceeds, if any, and other sources described in an indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in an indenture or the supplemental resolution.

Section 3.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay the trustee to be appointed by a supplemental resolution, upon presentation by the trustee of certain certificates, the sum or sums set forth therein but not to exceed \$500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE IV

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 4.01. Bond Proceeds: Project Construction Account. The proceeds of the sale of the Bond shall be deposited on receipt by the Issuer in the Bank, in a special account hereby created and designated "Mineral Wells Public Service District, System Enhancement and Sugar Camp Run Project Construction Account" (the "1999 B Construction Account"). The moneys in the 1999 B Construction Account in excess of the amount insured by FDIC shall be secured at all times by the 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 1999 B Construction Account 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 1999 B Construction Account 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 Bond if there are not sufficient Net Revenues to make such monthly payment.

Moneys in the 1999 B Construction Account 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 1999 B Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in 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 1999 B Construction Account.

When construction of the Project has been completed and all costs have been paid or provision for such payment has been made, any balance remaining in the 1999 B Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.02. Covenants of the Issuer as to Revenues and Funds. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Series 1999 B Bond Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in the Revenue Fund established by the 1969 Resolution. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Resolutions, the 1999 A Resolution, and herein and shall

be kept separate and apart from all other funds of the Issuer and used only for the purposes and in the manner provided herein. The holder of the Bond shall have a lien on and a pledge, hereby granted, of the Net Revenues of the System, as herein provided, and a statutory mortgage lien upon the System, granted and created by the Act, as long as the Bond remains unpaid, on a parity in all respects with the holders of the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 A Bond.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pro rata (i) pay to the West Virginia Municipal Bond Commission, for deposit into the Sinking Fund established by the 1969 Resolution one-twelfth of the amount of principal maturing on the Series 1969 Bonds on the next principal maturity date and one-twelfth of the amount required to pay the interest becoming due on the Series 1969 Bonds on the next interest payment date and (ii) pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 A Bond, and the Bond, and to amortize the principal of the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 A Bond, and the Bond over the lives of the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 A Bond, and the Bond, respectively.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit pro rata (i) in the Reserve Account established by the 1969 Resolution within the Sinking Fund, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the 1969 Bonds until the amount in the Reserve Account is equal to the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds; (ii) in the Reserve Fund established by the 1980 Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1979 Bond until the amount in the Reserve Fund is equal to the Minimum Reserve as defined in the 1980 Resolution; (iii) in the Series 1997 A Bond Reserve Account established by the 1997 Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1997 A Bond until the amount in the Series 1997 A Bond Reserve Account is equal to the Series 1997 A Bond Reserve Requirement as defined in the 1997 Resolution; (iv) beginning with and including the month in which the first principal installment is due upon the Series 1999 A Bond, in the Series 1999 A Bond Reserve Account established by the 1999 A Resolution, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Series 1999 A Bond until the amount in the Series 1999 A Bond Reserve Account is equal to the Series 1999 A Bond Reserve Requirement as defined in the 1999 A Resolution; and (v) beginning with and including the month in which the first principal installment is due upon the Bond, in an account to be designated the "Series 1999 B Bond Reserve Account" which is hereby established with the Bank, one-twelfth of one-tenth of the maximum

annual aggregate amount of interest and principal which will fall due on the Bond until the amount in the Series 1999 B Bond Reserve Account is equal to the Series 1999 B Bond Reserve Requirement. After the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds has been accumulated in the Reserve Account, the Minimum Reserve has been accumulated in the Reserve Fund, the Series 1997 A Bond Reserve Requirement has been accumulated in the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Requirement has been accumulated in the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Requirement has been accumulated in the Series 1999 B Bond Reserve Account, the Issuer shall deposit monthly pro rata into the Reserve Account, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of Operating Expenses of the System, as shall be required to maintain the maximum annual aggregate amount of principal and interest which will fall due on the Series 1969 Bonds, the Minimum Reserve, the Series 1997 A Bond Reserve Requirement, the Series 1999 A Bond Reserve Requirement, and the Series 1999 B Bond Reserve Requirement, respectively. Moneys in the Reserve Account shall be used solely to make up any deficiency in the Sinking Fund payment of the principal and interest on the Series 1969 Bonds as the same shall mature or for mandatory prepayment of the Series 1969 Bonds, as provided in the 1969 Resolution and herein, and for no other purpose. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1979 Bond as the same shall become due, for prepayment of installments on the Series 1979 Bond or for mandatory prepayment of the Series 1979 Bond as provided in the 1980 Resolution and herein, and for no other purpose. Moneys in the Series 1997 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1997 A Bond as the same shall become due, for prepayment of installments on the Series 1997 A Bond or for mandatory prepayment of the Series 1997 A Bond as provided in the 1997 Resolution and herein, and for no other purpose. Moneys in the Series 1999 A Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Series 1999 A Bond as the same shall become due, for prepayment of installments on the Series 1999 A Bond or for mandatory prepayment of the Series 1999 A Bond as provided in the 1999 A Resolution and herein, and for no other purpose. Moneys in the Series 1999 B Bond Reserve Account shall be used solely to make up any deficiency for monthly installments required to be paid on the Bond as the same shall become due, for prepayment of installments on the Bond or for mandatory prepayment of the Bond as provided herein, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit pro rata (i) in the Depreciation Reserve established with the West Virginia Municipal Bond Commission by the 1969 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of \$9,000.00 and thereafter such sums as shall be required to maintain such amount therein, and (ii) in the Depreciation Reserve established with the Bank by the 1980 Resolution moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in said Depreciation Reserve the aggregate sum of \$13,000.00 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the

Depreciation Reserve established by the 1969 Resolution shall be used first to make up any deficiencies in the Sinking Fund for payment of principal and interest on the Series 1969 Bonds as the same mature, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof, and for capital additions and improvements for the System. Moneys in the Depreciation Reserve established by the 1980 Resolution shall be used first to make up any deficiencies for monthly payments of installments on the Series 1979 Bond, the Series 1997 A Bond, the Series 1999 A Bond and the Bond as the same mature, and next to restore to the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Account are current and in accordance with the foregoing provisions, moneys in said Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof, and for capital additions and improvements for the System.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds or for any lawful purpose.

Whenever the money in the Series 1999 B Bond Reserve Account shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The West Virginia Municipal Bond Commission is hereby designated as Fiscal Agent for the administration of the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund. The Bank (and any successor appointed by the Issuer) is hereby designated as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used solely for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 1999 B Bond Reserve

Account, and the Depreciation Reserve established by the 1980 Resolution shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of state and municipal funds under the laws of the State of West Virginia. The Bank shall not be a trustee as to such funds.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The West Virginia Municipal Bond Commission shall keep the moneys in the Sinking Fund, the Reserve Account and the Depreciation Reserve established by the 1969 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. The Bank shall keep the moneys in the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America. Earnings upon moneys in the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Account, as long as the Minimum Reserve, the Series 1997 A Bond Reserve Requirement, the Series 1999 A Bond Reserve Requirement, and the Series 1999 B Bond Reserve Requirement are on deposit and maintained in the Reserve Fund shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Bank as Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent for the administration of the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, and the Depreciation Reserve established by the 1980 Resolution if the Bank should cease for any reason to serve or if the Board determines by resolution that the Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Board will cause note of the change to be sent by registered or certified mail to the Purchaser.

(D) Additional User Contracts. The Issuer shall, prior to delivery of the Bond, have at least 1,498 bona fide users of the System.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. As long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund, the Reserve Account, the Reserve Fund, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, and the Series 1999 B Bond Reserve Account a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect the holders of the Bonds, the covenants, agreements and provisions contained herein shall, where applicable, also inure to the benefit of the holders of the Notes and the trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the trustee or any holder or holders of the Notes as prescribed in the indenture or supplemental resolution; provided, that Section 5.04 shall not be applied to the Notes.

Section 5.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No holder or holders of any Bonds or Notes shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 5.03. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund, the Reserve Account, the Series 1997 A Bond Reserve Account, the Series 1999 A Bond Reserve Account, the Series 1999 B Bond Reserve Account, the Depreciation Reserve established by the 1969 Resolution, the Depreciation Reserve established by the 1980 Resolution and all the necessary expenses of operating and maintaining the System during such fiscal year, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 5.04. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bond for the benefit of the holder of the Bond on a parity with the Series 1969 Bonds, the Series 1979 Bond, the Series 1997 A Bond, and the Series 1999 A Bond.

Section 5.05. Authorizations; Interim Financing. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond and the Notes, if issued, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which shall have been waived or shall have expired. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Bond proceeds, grant receipts, surplus revenues and proceeds from a letter of credit, if any, all as shall be set forth in the indenture or a supplemental resolution authorizing the Notes.

Section 5.06. Investments. The Issuer shall invest and reinvest, and hereby instructs the Bank to invest and reinvest, in Qualified Investments any moneys held as part of the funds and accounts created by this Resolution, other than the Revenue Fund, to the fullest extent possible subject to applicable laws and this Resolution, and the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 5.06. The Issuer may direct the Bank in writing as to what particular permitted investments shall be made.

Except as provided herein and in the indenture, if any, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding fund or account. The Bank 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 any loss on such liquidation. The Issuer may invest funds on deposit with the Bank through the trust department of the Bank. The Bank shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

Section 5.07. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of the adoption hereof, subject to permitted changes.

Section 5.08. Maintenance of the System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.09. No Competition. To the extent allowable by law, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 5.10. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds are outstanding. Such consent will provide for the disposition of the proceeds of the sale.

Section 5.11. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the Revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser so long as the Purchaser is the sole Holder of the Bond, and if the Purchaser is not the sole Holder of the Bond, with the written consent of Bondholders representing 75% of the outstanding principal of the Bond.

Section 5.12. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) **Fire; Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance.** to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) **Public Liability Insurance.** with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) **Vehicular Public Liability Insurance.** in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) **Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds.** such bonds to be in the amounts of 100% of the construction contract, will be required for each contractor, and such payment bonds will be filed with the Clerk of the County Commission of said county prior to commencement of construction of the

Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia of 1931, as amended.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Purchaser and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(f) Provided, however, in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such type and in such amounts as the Purchaser may specify, with insurance companies or bonding companies acceptable to the Purchaser.

Section 5.13. Fiscal Year: Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each fiscal year, the Issuer agrees to adopt the annual budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the annual budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each annual budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the annual budget before the first day of any fiscal year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next fiscal year receding by more than ten per centum; and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless failure to adopt an annual budget be for a reason beyond the control of the Issuer. Each such budget of current expenses shall be mailed immediately to the Purchaser.

Section 5.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser.

Section 5.15. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is a default in the performance of or compliance with any covenant or provision hereof.

Section 5.16. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.17. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.18. Wetlands Covenant. The Issuer shall not use any 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 5.16(B) of this Resolution.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. The schedule of rates and charges for the services and facilities of the extension to the System initially shall be those contained in the Recommended Decision of the Public Service Commission of West Virginia dated June 25, 1999, as modified by the Commission Corrective Order dated September 17, 1999, and such rates are hereby adopted.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Modification or Amendment. No modification or amendment of this Resolution, or of any resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Purchaser.

Section 7.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Issuer are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed, but excluding the Loan Resolution (Form FmHA 442-47) and Prior Resolutions, and the 1999 A Resolution.

Section 7.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.06. Covenant of Due Procedure, etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and the Treasurer of the Board were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such service.

This Resolution shall become effective immediately upon its adoption.

Adopted September 23, 1999.



Chairman, Public Service Board

GBB.GBB.0053941

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

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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

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

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

5th Floor, United Square
501 Avery Street
Parkersburg, West Virginia 26101
(304) 485-8500



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Charleston, West Virginia 25301

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(859) 252-2202

480 West Jubal Early Drive
Suite 130
Winchester, Virginia 22601
(540) 723-8877

2400 Cranberry Square
Morgantown, West Virginia 26508-9209
(304) 594-1000

October 22, 2009

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

Re: \$660,000 Mineral Wells Public Service District Water Revenue Bonds
(Miscellaneous Water System Improvements Project), Series 2009A

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 in Wood, Wirt and Jackson Counties of said State, of its \$660,000 Water Revenue Bonds (Miscellaneous Water System Improvements Project), Series 2009A, dated the date hereof (the "Series 2009A Bonds").

We have examined a record of the proceedings relating to the issuance of the Series 2009A Bonds, bearing interest from the date of delivery at the rate of 4.25% per annum, represented by a single bond numbered R-1, in the principal amount of \$660,000.

The Series 2009A Bonds have been authorized by a Resolution duly adopted on October 20, 2009, by the Public Service Board, which is the governing body of the Issuer (the "Bond Resolution").

Interest only on the Series 2009A Bonds is payable in monthly installments for the first 24 months after delivery; and thereafter, principal of and interest on the Series 2009A Bonds are payable in monthly installments of \$2,924.00 to and including the 480th month after the date of the Series 2009A Bonds, the final installment to be in the sum of the unpaid principal and interest due on the date thereof.

Principal installments on the Series 2009A Bonds are subject to payment in advance as provided therein and in the Bond Resolution.

The Bond Resolution and the Series 2009A Bonds provide that the issue is for the purpose of financing the costs of the acquisition and construction of improvements to the existing

Mineral Wells Public Service District
October 22, 2009
Page 2

water distribution system currently owned and operated by the Issuer, which provides water service for the inhabitants of the Issuer (herein called the "System").

The Series 2009A Bonds have been awarded to the United States of America at par. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009A Bonds as to liens and source of and security for payment, which are: (i) the Water Revenue Bond, Series 1979 of the Issuer, dated January 7, 1980, issued in the original principal amount of \$430,000; (ii) the Water Revenue Bond, Series 1997A of the Issuer, dated August 14, 1997, issued in the original principal amount of \$650,000; (iii) the Water Revenue Bond, Series 1999A of the Issuer, dated September 23, 1999, issued in the original principal amount of \$700,000; and (iv) the Water Revenue Bond, Series 1999B of the Issuer, dated September 23, 1999, issued in the original principal amount of \$2,012,000, (v) the Water Revenue Bonds, Series 2004A (West Virginia Infrastructure Fund), of the Issuer, dated June 17, 2004, issued in the original principal amount of \$3,750,000 (the "Series 2004A Bonds"); and (vi) the Water Revenue Bonds, Series 2004B of the Issuer, dated June 17, 2004, issued in the original principal amount of \$780,000, all of which are held by the United States of America with the exception of the Series 2004A Bonds which are held by the West Virginia Water Development Authority (collectively, the "Prior Bonds").

It is our opinion that:

1. 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 acquire, construct, improve and maintain the System and issue and sell the Series 2009A Bonds, all under the provisions of Chapter 16, Article 13A, of the Code of West Virginia of 1931, as amended, (the "Act") and other applicable provisions of law.
2. The members and officers of the Public Service Board of the Issuer have been duly and properly appointed and elected, have taken the requisite oaths and are authorized to act in their respective capacities in behalf of the Issuer.
3. The Issuer has legally and effectively enacted the Bond Resolution in connection with the Series 2009A Bonds and has sold and delivered the Series 2009A Bonds by a single bond numbered AR-1 (the "Bond") to the United States of America.
4. The Bond is in due and proper form and has been duly executed and delivered, and constitutes a valid and legally enforceable special obligation of the Issuer secured by and payable solely from a first lien on and pledge of the net revenues of the System, on parity with the Prior Bonds, all in accordance with the terms of the Series 2009A Bonds and the Bond Resolution.
5. The Series 2009A Bonds are not being issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes; therefore, the interest on the Series 2009A Bonds is not excluded from gross income for federal income tax

Mineral Wells Public Service District
October 22, 2009
Page 3

purposes. We express no opinion regarding other federal tax consequences arising with respect to the Series 2009A Bonds.

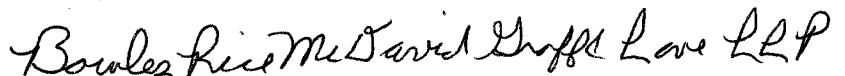
5. The Series 2009A Bonds and the interest thereon are by statute, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

6. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transaction contemplated by that certain Letter of Conditions, dated February 8, 2008, from the United States Department of Agriculture, Rural Development to the Issuer, the Bond Resolution, acquisition, construction or operation of the System or the validity of the Series 2009A Bonds or the issuance of the Series 2009A Bonds or the collection or pledge of the net revenues of the System therefor or for the Series 2009A Bonds.

It is to be understood that the rights of the holders of the Series 2009A Bonds and the enforceability of the Series 2009A Bonds, the Bond Resolution and liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights (to the extent constitutionally applicable) and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

BOWLES RICE McDAVID GRAFF & LOVE LLP



CPS/dpw

**MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A**

RECEIPT FOR BOND AND TRANSCRIPT

The undersigned, for the United States Department of Agriculture, hereby certifies as follows:

1. On the 22nd day of October, 2009, at Parkersburg, West Virginia, the undersigned received from the Mineral Wells Public Service District (the "Issuer"), the single Water Revenue Bond (Miscellaneous Water System Improvements Project), Series 2009A of the Issuer (the "Bond"), issued as a single, fully registered Bond, numbered AR-1, in the principal amount of \$660,000 dated as of the date hereof, bearing interest at the rate of 4.25% per annum, payable in monthly installments as stated in the Bond.
2. At the time of such receipt, the Bond had been executed and sealed by the Chairman and Secretary of the Issuer.
3. At the time of such receipt, there was paid to the Issuer the sum of \$83,300.
4. At the time of such receipt, there was also received by the undersigned three sets of Bond transcript documents.

WITNESS my signature on the 22nd day of October, 2009.

UNITED STATES OF AMERICA
DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

By: Virginia McDonald
Its: Area Specialist
(Title)

**MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT), SERIES 2009A**

RECEIPT FOR BOND PROCEEDS

The undersigned, for Mineral Wells Public Service District, Wood, Wirt and Jackson Counties, West Virginia, hereby certifies as follows:

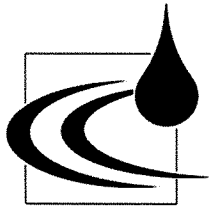
1. On the 22nd day of October, 2009, at Parkersburg, West Virginia, the undersigned received from the United States Department of Agriculture \$83,300 of the proceeds from the single Mineral Wells Public Service District Water Revenue Bond (Miscellaneous Water System Improvements Project), Series 2009A, No. AR-1 (the "Bond"), in the principal amount of \$660,000 dated as of October 22, 2009, bearing interest at the rate of 4.25% per annum, payable in monthly installments as stated in the Bond.

2. At the time of such receipt, the Bond had been executed and sealed by the Chairman and Secretary of the Public Service Board of the Mineral Wells Public Service District.

WITNESS my signature on the 22nd day of October, 2009.



Chairman, Public Service Board,
Mineral Wells Public Service District



WEST VIRGINIA

Water Development Authority

Celebrating 35 Years of Service 1974 - 2009

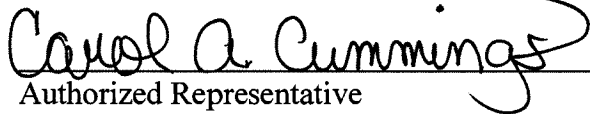
**MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT),
SERIES 2009A**

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Suttle & Stalnaker, L.L.C., the independent certified public accountant and the opinion of Bowles Rice McDavid Graff & Love LLP, Bond Counsel, that the applicable coverage and parity tests have been met on behalf of the Mineral Wells Public Service District (the "Issuer"), the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for the Authority, as the registered owner of the Issuer's Water Revenue Bonds Series 2004A (West Virginia Infrastructure Fund), dated June 17, 2004, issued in the original principal amount of \$3,750,000 (the "Prior Bonds"), hereby consents to the issuance of the Issuer's Water Revenue Bonds (Miscellaneous Water System Improvements Project), Series 2009A, dated October 22, 2009, in the aggregate principal amount of \$660,000, on a parity with respect to liens, pledges and sources of and security for payment with the Prior Bonds.

Dated this 22 day of October, 2009.

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY


Authorized Representative



United States Department of Agriculture
Rural Development
West Virginia State Office

**MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT),
SERIES 2009A**

TO WHOM IT MAY CONCERN:

The undersigned State Director for the United States Department of Agriculture, Rural Development (formerly the United States of America, Farmers Home Administration), as sole present holder of (i) the Water Revenue Bond, Series 1979 of the Issuer, dated January 7, 1980, issued in the original principal amount of \$430,000; (ii) the Water Revenue Bond, Series 1997A of the Issuer, dated August 14, 1997, issued in the original principal amount of \$650,000; (iii) the Water Revenue Bond, Series 1999A of the Issuer, dated September 23, 1999, issued in the original principal amount of \$700,000; (iv) the Water Revenue Bond, Series 1999B of the Issuer, dated September 23, 1999, issued in the original principal amount of \$2,012,000; and (v) the Water Revenue Bond, Series 2004B of the Issuer, dated June 17, 2004, issued in the original principal amount of \$780,000 (collectively, with the Series 2004A Bonds held by the West Virginia Infrastructure Fund, the "Prior Bonds"), hereby consents to the issuance of the Issuer's Water Revenue Bonds, Series 2009A (Miscellaneous Water System Improvements Project) (the "Series 2009A Bonds") in the principal amounts of \$660,000, on parity with respect to liens, pledges and sources of and security for payment, with the Prior Bonds, under the terms of the Bond Resolution authorizing such Series 2009A Bonds, and hereby waives any requirements imposed by the Prior Bonds or the respective Resolutions authorizing the same regarding the issuance of parity bonds which are not met by the Series 2009A Bonds.

Dated this 22nd day of October, 2009.

By: 

ROBERT D. LEWIS

Its: State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
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**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
MINERAL WELLS PUBLIC SERVICE DISTRICT
WATER REVENUE BOND
(MISCELLANEOUS WATER SYSTEM IMPROVEMENTS PROJECT),
SERIES 2009A**

No. AR-1

\$660,000

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 SIX HUNDRED SIXTY THOUSAND DOLLARS (\$660,000.00), plus interest on the unpaid principal balance at the rate of four and one quarter per cent (4.25%) 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 Series 2009A Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$2,924 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 Series 2009A 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 Series 2009A 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 Series 2009A 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 Series 2009A 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 Series 2009A 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 Series 2009A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation.

Registration of this Series 2009A 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 Series 2009A Bond. Upon such transfer a new Series

2009A Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Series 2009A 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 Series 2009A 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"), and the Bond Resolution of the Issuer adopted on October 20, 2009 (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 Series 2009A 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 Series 2009A 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 SERIES 2009A 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 REVENUE BOND, SERIES 1979, OF THE ISSUER, DATED JANUARY 7, 1980, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$430,000; (2) THE WATER REVENUE BOND, SERIES 1997A, OF THE ISSUER, DATED AUGUST 14, 1997, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$650,000; (3) THE WATER REVENUE BOND, SERIES 1999A, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000; (4) THE WATER REVENUE BOND, SERIES 1999B, OF THE ISSUER, DATED SEPTEMBER 23, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$2,012,000; (5) THE WATER REVENUE BOND, SERIES 2004A, OF THE ISSUER, DATED JUNE 17, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$3,750,000; AND (6) THE WATER REVENUE BOND, SERIES 2004B, OF THE ISSUER, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$780,000.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Series 2009A Bond will be in default should any proceeds of the Series 2009A 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 Series 2009A Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Series 2009A Bond to be dated October 22, 2009.

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) \$ 83,300.00	10/22/09	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL\$			

Date of
Registration

In Whose Name
Registered

Signature of
Secretary or Registrar

October 22, 2009

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

FORM OF ASSIGNMENT

Pay to the Order of

UNITED STATES OF AMERICA

By:

(Title)

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 401

1207 Quarrier Street, Charleston, WV 25301

(304) 558-3971

FAX: 558-1280

NEW ISSUE REPORT FORMDate of Report: October 22, 2009ISSUE: Mineral Wells Public Service District Water Revenue Bond
(Miscellaneous Water System Improvements Project), Series 2009AADDRESS: P. O. Box 266, Mineral Wells, WV 26150 COUNTY: WoodPURPOSE OF ISSUE: New Money X
Refunding Refunds issue(s) dated: ISSUE DATE October 22, 2009CLOSING DATE: October 22, 2009ISSUE AMOUNT: \$ 660,000RATE: 4.25%1st DEBT SERVICE DUE: Not Applicable1st PRINCIPAL DUE: Not Applicable1st DEBT SERVICE AMOUNT: \$ Not ApplicablePAYING AGENT: NoneBOND COUNSEL: Bowles Rice McDavid
Graff & Love LLPUNDERWRITER'S COUNSEL: Contact Person: Camden P. SiegristContact Person: Phone: (304) 347-1129Phone: CLOSING BANK: ESCROW TRUSTEE: Contact Person: Contact Person: Phone: Phone:

KNOWLEDGEABLE ISSUE CONTACT:

OTHER: Contact Person: Cathy DyerContact Person: Position: Office ManagerFunction: Phone: (304) 489-2915Phone: Email: DEPOSITS TO MBC AT CLOSE: Accrued Interest: \$ By: Wire
 CheckCapitalized Interest: Reserve Account: \$ Other:

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By: Wire
 Check
 IGT To Escrow Trustee: \$ To Issuer: \$ To Cons. Invest. Fund \$ To \$ **NOTES:** The applicable Bond Resolution, a copy of which is provided herewith, establishes the Series 2009A Bonds Reserve Account with the Municipal Bond Commission. Debt service payments will be paid by the District directly to the Bondholder**FOR MUNICIPAL BOND COMMISSION USE ONLY:**Documents Required: Transfers Required: