

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS,

SERIES 2004A (WEST VIRGINIA SRF PROGRAM)

AND

SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE REFUNDING OF CERTAIN NOTES OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY UNION-WILLIAMS PUBLIC SERVICE DISTRICT OF NOT MORE THAN SEVENTEEN MILLION FOUR HUNDRED NINETY-SIX THOUSAND TWO HUNDRED NINETY-ONE DOLLARS (\$17,496,291.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS IN TWO SERIES, THE FIRST SERIES TO BE DESIGNATED "SEWER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA SRF PROGRAM)", AND THE SECOND SERIES TO BE DESIGNATED "SEWER REVENUE BONDS, SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND)"; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION RELATING TO SUCH SERIES 2004A BONDS AND A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO SUCH SERIES 2004B 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 UNION-WILLIAMS 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, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Union-Williams Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants Counties of said State.

B. The Issuer presently owns and operates a public sewer system. However, 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 sewer system, including the extensions, additions, betterments and improvements described in Exhibit A hereto (collectively, the "Project") (the Issuer's existing sewer 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 \$17,496,291, in two series, being the Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program) (the "Series 2004A Bonds") and the Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund) (the "Series 2004B Bonds") (the Series 2004A Bonds and the Series 2004B Bonds are 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 and expenses of the Authority (as hereinafter

defined) including the SRF Administrative Fee (as hereinafter defined) discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 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. The allocation of the \$17,496,291 aggregate principal amount of the Series 2004 Bonds between the Series 2004A Bonds and the Series 2004B Bonds shall be set forth in the Supplemental Resolution, as hereinafter defined.

E. The estimated maximum cost of the acquisition and construction of the Project and issuance of the Series 2004 Bonds is \$17,996,291, of which \$500,000 will be paid with a West Virginia Infrastructure and Jobs Development Council Grant, and the balance of which will be permanently financed with the proceeds of the Series 2004 Bonds herein authorized.

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 Bonds be issued and sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a bond purchase agreement to be entered into by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection ("DEP") and that its Series 2004B Bonds be issued and sold to the Authority pursuant to the terms and provisions of a loan agreement between the Issuer and the Authority acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreements"), the execution, delivery and forms of which are ratified and approved herein.

H. 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 are designated and have the lien positions, together with the Series 2004 Bonds, as follows:

<u>Designation</u>	<u>Lien Position</u>
Sewerage System Revenue Bonds, Series 1991, dated April 16, 1991, issued in the original aggregate principal amount of \$540,000 (the "Series 1991 Bonds")	First Lien
Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program), dated December 15, 2000, issued in the original aggregate principal amount of \$412,000 (the "Series 2000 Bonds")	First Lien

The Series 2004 Bonds shall be issued on parity with each other and with the Series 1991 Bonds and the Series 2000 Bonds (collectively, the "Prior Bonds") with respect to liens, pledges and sources of and security for payment and in all other respects. A portion of the proceeds of the Series 2004B Bonds will be used to pay and redeem the Issuer's Sewerage System Design Notes, Series 2000 (West Virginia Infrastructure Fund), dated August 30, 2000, issued in the original aggregate principal amount of \$123,700 and the Issuer's Promissory Note, dated February 17, 2000, in the original aggregate principal amount of \$600,000, payable to the order of WesBanco Bank, Inc. (collectively, the "Notes"). The Issuer has received, or will receive prior to the bond closing date (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) 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. 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.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements 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 West Virginia Infrastructure and Jobs Development 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 Bonds or has been waived by all necessary parties.

J. The Project has been approved by the West Virginia Infrastructure and Jobs Development 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 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, Chapter 22C, Article 2, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

“Authority” means the West Virginia Water Development Authority, 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 2004 Bonds.

“Authorized Officer” means the Chairman of the Issuer or any other person duly appointed as such by the Governing Body.

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

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

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

“Bonds” means, collectively, the Prior Bonds, 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 of the Issuer 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.

“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., 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 successor thereof.

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

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

“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.

“Grant” means the \$500,000 West Virginia Infrastructure and Jobs Development Council Grant for the Project.

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

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

“I/A Future Connection Fund” means the Union-Williams Public Service District I/A Future Connection Fund established by the Series 1991 Bonds Resolution.

“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 Union-Williams Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Wood and Pleasants

Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

“Loan Agreements” means, collectively, the Series 2004A Bonds Loan Agreement and the Series 2004B Bonds Loan Agreement.

“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.

“Notes” means, collectively, the Issuer’s Sewerage System Design Notes, Series 2000 (West Virginia Infrastructure Fund), dated August 30, 2000, issued in the original aggregate principal amount of \$123,700, and the Issuer’s Promissory Note, dated February 17, 2000, payable to the order of WesBanco Bank, Inc., in the original aggregate principal amount of \$600,000.

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

“Outstanding,” when used with reference to Bonds 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 by the Issuer.

“Prior Bonds” means the Series 1991 Bonds and the Series 2000 Bonds.

“Prior Bonds Reserve Accounts” means the Reserve Accounts established for the Prior Bonds in the Prior Resolutions.

“Prior Bonds Sinking Funds” means the Sinking Funds established for the Prior Bonds in the Prior Resolutions.

“Prior Resolutions” means the Series 1991 Bonds Resolution and the Series 2000 Bonds Resolution.

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

“Project” means the acquisition and construction of certain extensions, additions, betterments and improvements to the Issuer’s existing sewer system, as described in Exhibit A attached hereto.

“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.

“Renewal and Replacement Fund” means the Renewal and Replacement Fund established or continued by Section 5.01 hereof.

“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 of the Issuer.

“Series 1991 Bonds” means the Issuer’s Sewerage System Revenue Bonds, Series 1991, dated April 16, 1991, issued in the original aggregate principal amount of \$540,000.

“Series 1991 Bonds Resolution” means the Bond Resolution adopted by the Issuer on April 16, 1991, authorizing the issuance of the Series 1991 Bonds, as supplemented and amended.

“Series 2000 Bonds” means the Issuer’s Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program), dated December 15, 2000, issued in the original aggregate principal amount of \$412,000.

“Series 2000 Bonds Resolution” means the Bond Resolution adopted on December 13, 2000, authorizing the issuance of the Series 2000 Bonds, 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 2004 Bonds Sinking Funds” means collectively the Series 2004A Bonds Sinking Fund and the Series 2004B Bonds Sinking Fund.

“Series 2004A Bonds” means the Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program), of the Issuer, authorized by this Resolution, the original aggregate principal amount of which shall be as set forth in the Supplemental Resolution.

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

“Series 2004A Bonds Purchase Agreement” shall mean the Bond Purchase Agreement entered into or to be entered into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2004A Bonds from the Issuer by the Authority, attached hereto as Exhibit B-1, 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.

“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 and interest, if any, 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 by Section 5.02 hereof.

“Series 2004B Bonds” means the Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution, the original aggregate principal amount of which shall be as set forth in the Supplemental Resolution.

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

“Series 2004B Bonds 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 2004B Bonds from the Issuer by the Authority, attached hereto as Exhibit B-2, 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.

“Series 2004B Bonds Reserve Account” means the Series 2004B Bonds Reserve Account established in the Series 2004B Bonds Sinking Fund 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, if any, which will become due on the Series 2004B Bonds in the then concurrent or any succeeding year.

“Series 2004B Bonds Sinking Fund” means the Series 2004B Bonds Sinking Fund established by Section 5.02 hereof.

“SRF Administrative Fee” means any administrative fee required to be paid under the Series 2004A Bonds Loan Agreement.

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

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

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article “the,” refers specifically to the Supplemental Resolution 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 properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, of the Issuer, and shall include the Project and any improvements or extensions thereof, both within and without said 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 AND THE REFUNDING OF THE NOTES

Section 2.01. Authorization of Acquisition and Construction of the Project and the Refunding of the Notes. There are hereby authorized the refunding of the Notes and the acquisition and construction of the Project, at an estimated cost of \$17,496,291, 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. 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, SRF Program and the Council.

The Cost of the Project, including without limitation the costs of issuing the Series 2004 Bonds, is estimated not to exceed \$17,996,291, which is to be paid with the proceeds of the Series 2004 Bonds and the Grant. A portion of the proceeds of the Series 2004B Bonds will be used to pay in full the entire outstanding principal of and all interest and fees accrued on the Notes on the Closing Date.

ARTICLE III

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

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 the costs of refunding the Notes, paying the 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 and hereby are authorized to be issued negotiable Series 2004 Bonds of the Issuer, in an aggregate principal amount of not more than \$17,496,291. The Series 2004 Bonds shall be issued in two series, the first series to be designated "Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program)," and the second series to be designated "Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The allocation of the \$17,496,291 aggregate principal amount between the Series 2004A Bonds and the Series 2004B Bonds shall be set forth in the Supplemental Resolution. The proceeds of the respective 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. The Series 2004 Bonds shall be issued in such principal amounts not to exceed \$17,496,291 in the aggregate; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreements. The Series 2004 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2004 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2004A Bonds and the Series 2004B Bonds shall each be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the respective Series 2004 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. 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 the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest, 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 form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such 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 2004 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 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 2004 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 Bonds.

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

In all cases in which the privilege of exchanging Series 2004 Bonds or transferring the registered Series 2004 Bonds are exercised, Bonds shall be delivered in accordance with the

provisions of this Bond Legislation. All Series 2004 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2004 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 2004 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2004 Bonds or, in the case of any proposed redemption of Series 2004 Bonds, next preceding the date of the selection of Series 2004 Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 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 2004 Bonds Sinking Fund and the Series 2004 Bonds Reserve Account. 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 thereon, if any.

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

A. If other than the Authority, a list of the names in which the Series 2004 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004 Bonds to the original purchasers;

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

D. Executed copies of the Loan Agreements; and

E. The approving opinions of bond counsel on the Series 2004 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
UNION-WILLIAMS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 2004A
(WEST VIRGINIA SRF PROGRAM)**

No. AR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That UNION-WILLIAMS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants 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. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 20____, as set forth on Exhibit B attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The SRF Administrative Fee on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding an interest and SRF Administrative Fee payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may only be redeemed prior to its stated date of maturity in whole or in part upon the terms and conditions prescribed by, and otherwise in compliance with, the Water Pollution Control Revolving Fund Bond Purchase Agreement among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP") 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 sewer system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewer 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 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2004 and a Supplemental Resolution duly adopted by the Issuer on _____, 2004 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991, OF THE ISSUER, DATED APRIL 16, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$540,000 (THE "SERIES 1991 BONDS"); (2) THE SEWER REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED DECEMBER 15, 2000, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$412,000 (THE "SERIES 2000 BONDS"); AND (3) THE SEWER REVENUE BONDS, SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE ISSUER, DATED _____, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$ _____ (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 Series 1991 Bonds and the Series 2000 Bonds (collectively, 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 WesBanco Bank, Inc., Parkersburg, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements 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.

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 provide an agricultural commodity.

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 described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____,

_____,
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
UNION-WILLIAMS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 2004B
(WEST VIRGINIA INFRASTRUCTURE FUND)**

No. BR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That UNION-WILLIAMS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants 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 pay in full the entire outstanding principal of and all interest and administrative fees on the Issuer's Sewerage System Design Notes, Series 2000 (West Virginia Infrastructure Fund) and the Issuer's Promissory Note dated February 17, 2000, payable to the order of WesBanco Bank, Inc.; (ii) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewer system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewer 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 Bond

Resolution duly adopted by the Issuer on _____, 2004 and a Supplemental Resolution duly adopted by the Issuer on _____, 2004 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991, OF THE ISSUER, DATED APRIL 16, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$540,000 (THE "SERIES 1991 BONDS"); (2) THE SEWER REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED DECEMBER 15, 2000, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$412,000 (THE "SERIES 2000 BONDS"); AND (3) THE SEWER REVENUE BONDS, SERIES 2000A (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED _____, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$_____ (THE "SERIES 2004A 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 Series 1991 Bonds and the Series 2000 Bonds (collectively, the "Prior Bonds") and the Series 2004A Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2004B 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 2004B 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 2004A Bonds, provided however, that so long as there exists in the Series 2004B 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 2004A 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 WesBanco Bank, Inc., Parkersburg, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements 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 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 provide 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 UNION-WILLIAMS 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.

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____,

_____,
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:

Section 3.11. Sale of Series 2004 Bonds; Approval and Ratification of Execution of Loan Agreements with Authority. The Series 2004 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. The Loan Agreements, 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 Agreements substantially in the forms 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 Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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 met the requirements of the Prior Resolutions for the issuance of the Series 2004 Bonds on a parity with the Prior Bonds and has received the written consent of the Holders 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 DEP, the Council and the Authority an amended schedule, the form of which will be provided by the DEP and 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 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 the Issuer and from each other:

- A. Revenue Fund (established by the Series 1991 Bonds Resolution);
- B. Sewerage System Reserve Account (established by the Series 1991 Bonds Resolution);
- C. Renewal and Replacement Fund (created by the Series 1991 Bonds Resolution); and
- D. I/A Future Connection Fund (created by the Series 1991 Bonds Resolution);
- E. Series 2004A Bonds Construction Trust Fund; and
- F. Series 2004B Bonds Construction Trust Fund.

Section 5.02. Establishment 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 2000 Bonds Sinking Fund (created by the Series 2000 Bonds Resolution);
- B. Within the Series 2000 Bonds Sinking Fund, the Series 2000 Bonds Reserve Account (created by the Series 2000 Bonds Resolution);
- C. Series 2004A Bonds Sinking Fund;
- D. Within the Series 2004A Bonds Sinking Fund, the Series 2004A Bonds Reserve Account;
- E. Series 2004B Bonds Sinking Fund; and
- F. Within the Series 2004B Bonds Sinking Fund, the 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.

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 remit to the National Finance Office the amount required by the Series 1991 Bonds Resolution for payment of interest on the Series 1991 Bonds.

3. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required by the Series 1991 Bonds Resolution for payment of principal of the Series 1991 Bonds; (ii) remit to the Commission for deposit in the Series 2000 Bonds Sinking Fund the amount required by the Series 2000 Bonds Resolution for payment of principal of the Series 2000 Bonds; (iii) beginning 3 months prior to the first principal payment date of the Series 2004A Bonds, remit to the Commission for deposit in the Series 2004A Bonds Sinking Fund, a sum equal to 1/3rd 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 ensuing quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next ensuing quarterly principal payment date, the required amount of principal coming due on such date; and (iv) beginning 3 months prior to the first principal payment date of the Series 2004B Bonds, remit to the Commission for deposit in the Series 2004B Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004B 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 2004B Bonds Sinking Fund and the next ensuing quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next ensuing quarterly principal payment date, the required amount of principal coming due on such date.

4. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amount required by the Series 1991 Bonds Resolution to be deposited in the Sewerage System Reserve Account; (ii) remit to the Commission for deposit in the Series 2000 Bonds Reserve Account the amount required by the Series 2000 Bonds Resolution to be deposited therein; (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 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; 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 (iv) 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 1/120 of the Series 2004B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2004B 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 2004B Bonds Reserve Requirement.

5. The Issuer shall next, by the fifteenth of each month, so long as the Series 1991 Bonds remain Outstanding, transfer from the Revenue Fund to the I/A Future Connection Fund established by the Series 1991 Bonds Resolution, the amounts required by Section 4.02(B)(4) of the Series 1991 Bonds Resolution.

6. The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (provided that, so long as the Series 1991 Bonds remain Outstanding such sum shall not be less than \$575.00 each month), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any of the Reserve Accounts [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on moneys in the Series 2004 Bonds Sinking Funds and the Series 2004 Bonds Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Series 2004 Bonds Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in

full, first to the next ensuing interest payment due on the Series 2004 Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

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 Account therein 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 2004 Bonds Sinking Funds and the Series 2004 Bonds Reserve Accounts 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 2004 Bonds Sinking Funds and the Series 2004 Bonds Reserve Accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

The Series 2004 Bonds Sinking Funds, including the Series 2004 Bonds Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Series 2004 Bonds under the conditions and restrictions set forth herein.

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 first business day of each month), deposit with the Commission the required interest, principal and reserve account payments with respect to the Series 2004 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. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the SRF Administrative Fee as set forth in the Schedule attached to the Series 2004A Bonds Loan Agreement.

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the respective Loan Agreements 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.

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 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 2004 Bonds, there shall first be deposited with the Commission in the respective Series 2004 Bonds Sinking Funds, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the respective Series 2004 Bonds for the period commencing on the date of issuance of the Series 2004 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2004 Bonds, there shall be deposited with the Commission in the respective Series 2004 Bonds Reserve Accounts the sum, if any, set forth in the Supplemental Resolution for funding of the respective Series 2004 Bonds Reserve Accounts.

C. Next, from the proceeds of the Series 2004 Bonds, there shall be paid the entire outstanding principal amount of and all accrued interest and administrative fees on the Notes, as set forth in the Supplemental Resolution.

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

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

Section 6.02. Disbursements From the Construction Trust Funds. A. With respect to the Series 2004A Bonds, on or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2004A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for costs of the Project from the proceeds of the Series 2004A Bonds 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 DEP of the following:

I. A completed and signed "Payment Requisition Form," the form of which is attached to the Series 2004A Bonds Loan Agreement, in compliance with the construction schedule; and

II. 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.

B. With respect to the Series 2004B 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 2004B Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004B 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 2004B Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2004B 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.

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.

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 the Series 2004 Bonds or the interest thereon, if any.

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 Agreements. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the order of the Public Service Commission of West Virginia entered on _____, in Case No. _____, and are hereby adopted, ratified, approved and affirmed and which rates are incorporated herein by reference as a part hereof.

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 Agreements. 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 Agreements, 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 Agreements.

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 DEP, the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the 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 immediately be simultaneously remitted to the National Finance Office for payment of the Series 1991 Bonds and to the Commission for deposit in the Series 2000 Bonds Sinking Fund, the Series 2004A Bonds Sinking Fund and the Series 2004B Bonds Sinking Fund, respectively, pro rata, with respect to the principal amount of each of the Prior Bonds, the Series 2004A Bonds and the Series 2004B Bonds then Outstanding, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest on the Series 2004 Bonds and Prior Bonds in such manner. 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 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 Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$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 Renewal and Replacement Fund. Such payment of such proceeds into the Renewal and Replacement Fund 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 the Sinking Funds, Reserve Accounts, the Renewal and Replacement Fund and the I/A Future Connection Fund at the time of the issuance of such subordinate obligations have been made and are current. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the 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 DEP and the Council 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 Authority, the DEP 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 one or more series of the Prior Bonds, the Series 2004 Bonds issued pursuant hereto or one or more subsequent series of Parity Bonds, or both such purposes.

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 Prior Bonds and Series 2004 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, 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 enacted by the Issuer, 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 authorizing 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 DEP and the Council, 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 DEP and the Council such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, the DEP and the Council, 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 DEP and the Council, 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 DEP and the Council or any other original purchaser of the Bonds. Such audit report submitted to the Authority, the DEP and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreements 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 Agreements 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 DEP and the Council, 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 DEP and the Council, 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, the DEP and the Council with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Series 2004A Bonds Loan Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2004 Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross

Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 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 the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit, respectively, in the Series 2004 Bonds Reserve Accounts and reserve accounts for obligations on a parity with the Series 2004 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the 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 the Prior Bonds.

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 DEP and the Council 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 DEP and the Council 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 DEP and the Council 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 on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the respective Loan Agreements, and forward a copy of such report to the Authority, the DEP 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 Agreements, 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 DEP and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the DEP and the Council 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 require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed

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

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System so long as the Series 2004 Bonds are Outstanding. The Issuer shall notify the DEP and the Council in writing of the certified operator employed at the 50% completion stage.

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps,

actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as 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 shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and

extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreements, 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 and the Authority 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 DEP and the Council. In the event the Loan Agreements so require, such insurance shall be made payable to the order of the Authority, 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Bureau for Public Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Bureau for Public Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion 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 7.18. Compliance With Loan Agreements and Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Loan Agreements and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP and 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 DEP and the Council 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 7.19. 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 7.20. 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 DEP and the Council for written approval. The Issuer shall obtain the written approval of the DEP and the Council, respectively, before expending any proceeds of the Series 2004A Bonds or the Series 2004B Bonds, respectively, held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP and the Council, respectively, before expending any proceeds of the Series 2004A Bonds or the Series 2004B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP, 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 7.21. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2004 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2004 Bonds during the term thereof is, under the terms of the Series 2004 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect to any property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2004 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2004 Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2004 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2004 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2004 Bonds or \$5,000,000 are used,

directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2004 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure that tax-exempt status of the Series 2004 Bonds and the interest thereon, if any, including, without limitation, the information return required under Section 149(e) of the Code, to the extent applicable.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on any bonds issued by or on behalf of the Authority, the DEP or the Council, the proceeds of which were used to fund all or any portion of the loans evidenced by the Series 2004 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.22. 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 7.23. Covenants with Respect to Erosion and Wetlands. The Issuer covenants and agrees that the Project shall not contribute to excessive erosion of highly erodible land or conversion of wetlands to produce an agricultural commodity.

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; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2004 Bonds as a condition of issuance of the Series 2004 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 2004 Bonds as may be necessary in order to maintain the status of the Series 2004 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 2004 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, the DEP or the Council, as the case may be, from which the proceeds of the Series 2004 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, the DEP 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 2004 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, the completion of the Project, 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 Resolution may be amended without the consent of any Holder as may be necessary to assure that the Series 2004 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 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 any of the Prior Resolutions, such Prior Resolution 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 adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and members of the Governing Body were at all times when

any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

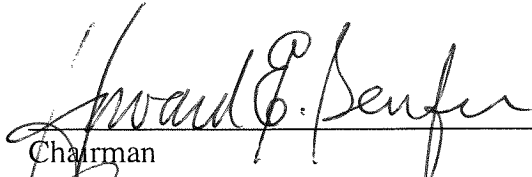
Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity with respect to the Project, the Secretary of the Governing Body shall have caused to be published in a newspaper of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

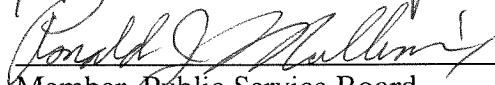
- (a) The maximum amount of the Series 2004 Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 2004 Bonds originally authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be 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 Date. This Resolution shall take effect immediately.

[Rest of Page Intentionally Left Blank]

ADOPTED this 11th day of February, 2004.


Chairman


Member, Public Service Board

UNAVAILABLE DUE TO ILLNESS
Member, Public Service Board

CERTIFICATION

Certified a true copy of an Resolution duly adopted by the Public Service Board of the UNION-WILLIAMS PUBLIC SERVICE DISTRICT on the 11th day of February, 2004.

Dated: February 19, 2004.


Secretary, Public Service District

[SEAL]

EXHIBIT A

DESCRIPTION OF PROJECT

The acquisition and construction of certain extensions, additions, betterments and improvements to the Issuer's existing sewerage system, including improvements to the sewage treatment plant and extensions and improvements to the sewage collection system, generally described as follows:

Extension of sewer lines to the following areas of Union and Williams Magisterial Districts in Wood County to serve approximately 1,479 customers:

Route 31 north From Route 2 to Williamtown, including access road;

Route 2 from east of Cooper's Ridge Road to the Emerson Avenue I-77 interchange;

Route 31 from WV Route 2 to Whipperwill Ridge Road;

Old St. Mary's Pike from WV Route 2 South; and

WV Route 68 from the Emerson Avenue I-77 interchange to just outside the City of Parkersburg service area.

The Project will tie all existing sewerage collection systems into the new collection system, perform selected rehabilitation of existing systems, and decommission all public or community owned package plant systems.

The Issuer's wastewater treatment plant capacity will be increased from 90,000 GPD to 800,000 GPD to accommodate the additional flow. The effluent from this plant will discharge directly into the Ohio River at Waverly.

The Project will also receive flow from the Town of North Hills and transmit it to the Issuer's wastewater system.

EXHIBIT B-1

SERIES 2004A BONDS LOAN AGREEMENT

EXHIBIT B-2

SERIES 2004B BONDS LOAN AGREEMENT

**UNION-WILLIAMS PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS,
SERIES 2004A (WEST VIRGINIA SRF PROGRAM)
AND
SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND)**

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, PRINCIPAL PAYMENT DATES, REDEMPTION PROVISIONS, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA SRF PROGRAM) AND THE SEWER REVENUE BONDS, SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND) OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT; AUTHORIZING, RATIFYING AND APPROVING A BOND PURCHASE AGREEMENT AND LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A BONDS REGISTRAR, DEPOSITORY BANK, AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board of Union-Williams Public Service District (the "Issuer") has duly and officially adopted a Resolution on February 11, 2004 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF CERTAIN NOTES OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM OF UNION-WILLIAMS PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY UNION-WILLIAMS PUBLIC SERVICE DISTRICT OF NOT MORE THAN SEVENTEEN MILLION FOUR HUNDRED NINETY-SIX THOUSAND TWO HUNDRED NINETY-ONE DOLLARS (\$17,496,291.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS IN TWO SERIES, THE FIRST SERIES TO BE DESIGNATED "SEWER REVENUE BONDS, SERIES 2004A (WEST VIRGINIA SRF PROGRAM)", AND THE SECOND SERIES TO BE DESIGNATED "SEWER REVENUE BONDS,

SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND)”; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION RELATING TO SUCH SERIES 2004A BONDS AND A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO SUCH SERIES 2004B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance by the Issuer of not more than Seventeen Million Four Hundred Ninety-Six Thousand Two Hundred Ninety-One Dollars (\$17,496,291.00) in aggregate principal amount of sewer revenue bonds in two series (collectively, the “Series 2004 Bonds”), the first series to be designated Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program) (the “Series 2004A Bonds”), and the second series to be designated Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund) (the “Series 2004B Bonds”), with the allocation of the \$17,496,291 aggregate principal amount between the Series 2004A Bonds and the Series 2004B Bonds to be set forth in a supplemental resolution, and has preliminarily authorized the execution and delivery of a bond purchase agreement relating to the Series 2004A Bonds, including all schedules and exhibits attached thereto (the “Series 2004A Bonds Loan Agreement”), by and among the Issuer, the West Virginia Water Development Authority (the “Authority”) and the West Virginia Department of Environmental Protection (the “DEP”) and a loan agreement relating to the Series 2004B Bonds, including all schedules and exhibits attached thereto (the “Series 2004B Bonds Loan Agreement” and together with the Series 2003A Bonds Loan Agreement, sometimes collectively referred to herein as the “Loan Agreements”), by and between the Issuer and the Authority acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the “Council”), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the “Act”); and in the Resolution it is provided that the exact principal amounts, dates, maturity dates, interest rates, interest and principal payment dates, redemption provisions, sale prices and other terms of the Series 2004 Bonds should be established by a supplemental resolution pertaining to the Series 2004 Bonds; and that other matters relating to the Series 2004 Bonds be herein provided for;

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

WHEREAS, the forms of the Loan Agreements have been presented to the Issuer at this meeting for final ratification and approval;

WHEREAS, the Series 2004A Bonds and the Series 2004B Bonds are proposed to be purchased by the Authority on behalf of the DEP and the Council, respectively, pursuant to the Loan Agreements; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE UNION-WILLIAMS PUBLIC SERVICE DISTRICT:

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

A. Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program) of the Issuer, originally represented by a single bond, numbered AR-1, in the principal amount of \$15,596,291.00. The Series 2004A Bonds shall be dated the date of delivery thereof, shall finally mature on September 1, 2035, shall bear no interest, shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2004A Bonds Loan Agreement, as long as the Authority shall be registered owner of the Series 2004A Bonds, and shall be payable in quarterly installments of principal on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, in the amounts as set forth in the Schedule Y attached to the Series 2004A Bonds Loan Agreement and incorporated in and made a part of the Series 2004A Bonds. The Issuer does approve and shall pay the SRF Administrative Fee equal to .5% of the principal amount of the Series 2004A Bonds, payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, as set forth in the Schedule Y attached to the Series 2004A Bonds Loan Agreement.

B. Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund) of the Issuer, originally represented by a single bond, numbered BR-1, in the principal amount of \$1,900,000. The Series 2004B Bonds shall be dated the date of delivery thereof, shall finally mature on December 1, 2044, shall bear no interest, shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2004B Bonds Loan Agreement, as long as the Authority shall be registered owner of the Series 2004B Bonds, and shall be payable in quarterly installments of principal on March 1, June 1, September 1 and December 1 of each

year, commencing December 1, 2005, in the amounts as set forth in the Schedule Y attached to the Series 2004B Bonds Loan Agreement and incorporated in and made a part of the Series 2004B Bonds.

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

Section 3. The Issuer does hereby authorize, ratify, approve and accept the forms of the Loan Agreements, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Chairman and the Secretary and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed. The price of the Series 2004 Bonds shall be 100% of par value, there being no interest accrued thereon. The proceeds of the Series 2004 Bonds shall be advanced from time to time as requisitioned by the Issuer, and at closing, there shall be requisitioned and advanced a portion of the proceeds of the Series 2004A Bonds in the amount of \$779,815.00 and a portion of the proceeds of the Series 2003B Bonds in the amount of \$989,638.00 being more than a de minimis amount with respect to each series of 2004 Bonds. The Issuer hereby affirms all covenants and representations made in the Loan Agreements and in the respective applications to the DEP and the Council.

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

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

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

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

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

Section 9. The Series 2004B Bonds proceeds in the amount of \$-0-, shall be deposited in the Series 2004B Bonds Sinking Fund as capitalized interest.

Section 10. The Series 2004B Bonds proceeds in the amount of \$-0- shall be deposited in a Series 2004B Bonds Reserve Account.

Section 11. The Series 2004B Bonds proceeds in the amount of \$127,411.00 shall be deposited with the Commission on the Closing Date and applied immediately to pay and redeem the Issuer's Sewerage System Design Notes, Series 2000 (West Virginia Infrastructure Fund), dated August 30, 2000, issued in the original aggregate principal amount of \$123,700, together with the Administrative Fee of 3% thereon in the amount of \$3,711.

Section 12. The Series 2004B Bonds proceeds in the amount of \$693,360.26 shall be deposited with WesBanco Bank, Inc. and applied immediately to pay in full the loan made to the Issuer by WesBanco Bank, Inc. evidenced by the Promissory Note of the Issuer dated February 17, 2000, together with all interest accrued thereon.

Section 13. The remaining proceeds of the Series 2004A Bonds shall be deposited in the Series 2004A Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, and payment of cost of issuance of the Series 2004A Bonds and the reimbursement of the Issuer of any such Costs paid by the Issuer.

Section 14. The remaining proceeds of the Series 2004B Bonds shall be deposited in the Series 2004B Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, and payment of cost of issuance of the Series 2004B Bonds and the reimbursement of the Issuer of any such Costs paid by the Issuer.

Section 15. The Chairman and Secretary are hereby authorized and directed to execute and deliver the Series 2004 Bonds and such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2004 Bonds hereby and by the Resolution approved and provided for, and to affix thereon the seal of the Issuer, as appropriate, to the end that the Series 2004 Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about February 19, 2004, or as soon thereafter as practicable.

Section 16. The acquisition and construction of the Project and the financing thereof with the proceeds of the Series 2004 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

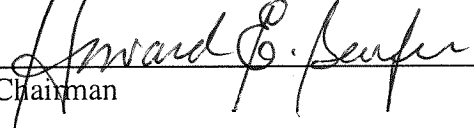
Section 17. The Governing Body hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank in time deposits of the Depository Bank, secured by a pledge of Government Obligations, and therefore the Issuer hereby authorizes and directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such time deposits until further directed by the Issuer. Monies in the Sinking Funds and Reserve Accounts for the Series 2004 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 18. All contracts relating to the financing, acquisition and construction of the Project are hereby approved and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 19. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 11th day of February, 2004.

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

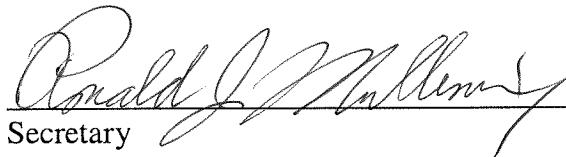

Chairman

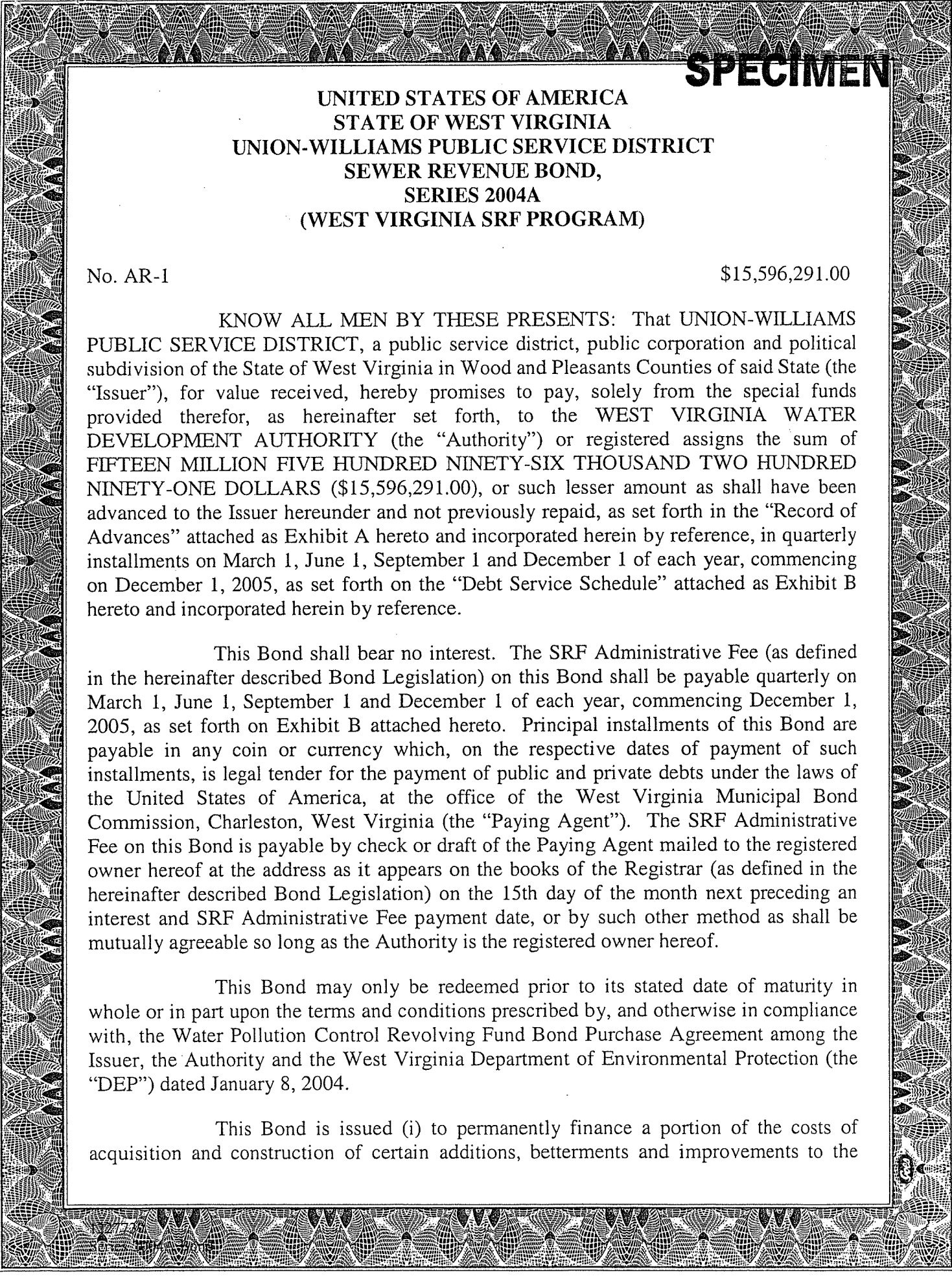
CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Union-Williams Public Service District on the 11th day of February, 2004.

Dated: February 19, 2004.

[SEAL]


Secretary

**SPECIMEN**

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
UNION-WILLIAMS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 2004A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$15,596,291.00

KNOW ALL MEN BY THESE PRESENTS: That UNION-WILLIAMS PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Pleasants 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 FIFTEEN MILLION FIVE HUNDRED NINETY-SIX THOUSAND TWO HUNDRED NINETY-ONE DOLLARS (\$15,596,291.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing on December 1, 2005, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

This Bond shall bear no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, as set forth on Exhibit B attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The SRF Administrative Fee on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding an interest and SRF Administrative Fee payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may only be redeemed prior to its stated date of maturity in whole or in part upon the terms and conditions prescribed by, and otherwise in compliance with, the Water Pollution Control Revolving Fund Bond Purchase Agreement among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP") dated January 8, 2004.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the

existing public sewer system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewer 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 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on February 11, 2004 and a Supplemental Resolution duly adopted by the Issuer on February 11, 2004 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991, OF THE ISSUER, DATED APRIL 16, 1991, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$540,000 (THE "SERIES 1991 BONDS"); (2) THE SEWER REVENUE BONDS, SERIES 2000 (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED DECEMBER 15, 2000, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$412,000 (THE "SERIES 2000 BONDS"); AND (3) THE SEWER REVENUE BONDS, SERIES 2004B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE ISSUER, DATED FEBRUARY 19, 2004, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,900,000 (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 Series 1991 Bonds and the Series 2000 Bonds (collectively, 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 WesBanco Bank, Inc., Parkersburg, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements 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.

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 provide an agricultural commodity.

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 described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 UNION-WILLIAMS 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 February 19, 2004.

UNION-WILLIAMS PUBLIC SERVICE DISTRICT

[SEAL]

Howard P. Seuffer
Chairman

ATTEST:

Ronald J. Mullins
Secretary

SPECIMEN

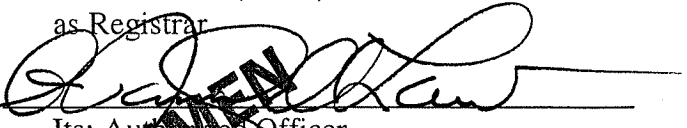
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: February 19, 2004.

WESBANCO BANK, INC.,

as Registrar

By: 

Its: Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>
(1) \$ 779,815.00	February 19, 2004	(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	

Total \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

Union Williams Public Service District

\$15,596,291

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: February 19, 2004

DEBT SERVICE SCHEDULE

SPECIMEN

Date	Principal	Coupon	Total P+I
3/01/2004	-	-	-
6/01/2004	-	-	-
9/01/2004	-	-	-
12/01/2004	-	-	-
3/01/2005	-	-	-
6/01/2005	-	-	-
9/01/2005	-	-	-
12/01/2005	129,969.10	-	129,969.10
3/01/2006	129,969.10	-	129,969.10
6/01/2006	129,969.10	-	129,969.10
9/01/2006	129,969.10	-	129,969.10
12/01/2006	129,969.10	-	129,969.10
3/01/2007	129,969.10	-	129,969.10
6/01/2007	129,969.10	-	129,969.10
9/01/2007	129,969.10	-	129,969.10
12/01/2007	129,969.10	-	129,969.10
3/01/2008	129,969.10	-	129,969.10
6/01/2008	129,969.10	-	129,969.10
9/01/2008	129,969.10	-	129,969.10
12/01/2008	129,969.10	-	129,969.10
3/01/2009	129,969.10	-	129,969.10
6/01/2009	129,969.10	-	129,969.10
9/01/2009	129,969.10	-	129,969.10
12/01/2009	129,969.10	-	129,969.10
3/01/2010	129,969.10	-	129,969.10
6/01/2010	129,969.10	-	129,969.10
9/01/2010	129,969.10	-	129,969.10
12/01/2010	129,969.09	-	129,969.09
3/01/2011	129,969.09	-	129,969.09
6/01/2011	129,969.09	-	129,969.09
9/01/2011	129,969.09	-	129,969.09
12/01/2011	129,969.09	-	129,969.09
3/01/2012	129,969.09	-	129,969.09
6/01/2012	129,969.09	-	129,969.09
9/01/2012	129,969.09	-	129,969.09
12/01/2012	129,969.09	-	129,969.09
3/01/2013	129,969.09	-	129,969.09
6/01/2013	129,969.09	-	129,969.09
9/01/2013	129,969.09	-	129,969.09
12/01/2013	129,969.09	-	129,969.09
3/01/2014	129,969.09	-	129,969.09
6/01/2014	129,969.09	-	129,969.09
9/01/2014	129,969.09	-	129,969.09
12/01/2014	129,969.09	-	129,969.09
3/01/2015	129,969.09	-	129,969.09
6/01/2015	129,969.09	-	129,969.09
9/01/2015	129,969.09	-	129,969.09

Ferris, Baker Watts

West Virginia Public Finance Office

File = Union Williams PSD Loans.sf-SRF 1-07-04- SINGLE PURPOSE

1/ 7/2004 3:48 PM

Union Williams Public Service District

\$15,596,291

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: February 19, 2004

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2015	129,969.09	-	129,969.09
3/01/2016	129,969.09	-	129,969.09
6/01/2016	129,969.09	-	129,969.09
9/01/2016	129,969.09	-	129,969.09
12/01/2016	129,969.09	-	129,969.09
3/01/2017	129,969.09	-	129,969.09
6/01/2017	129,969.09	-	129,969.09
9/01/2017	129,969.09	-	129,969.09
12/01/2017	129,969.09	-	129,969.09
3/01/2018	129,969.09	-	129,969.09
6/01/2018	129,969.09	-	129,969.09
9/01/2018	129,969.09	-	129,969.09
12/01/2018	129,969.09	-	129,969.09
3/01/2019	129,969.09	-	129,969.09
6/01/2019	129,969.09	-	129,969.09
9/01/2019	129,969.09	-	129,969.09
12/01/2019	129,969.09	-	129,969.09
3/01/2020	129,969.09	-	129,969.09
6/01/2020	129,969.09	-	129,969.09
9/01/2020	129,969.09	-	129,969.09
12/01/2020	129,969.09	-	129,969.09
3/01/2021	129,969.09	-	129,969.09
6/01/2021	129,969.09	-	129,969.09
9/01/2021	129,969.09	-	129,969.09
12/01/2021	129,969.09	-	129,969.09
3/01/2022	129,969.09	-	129,969.09
6/01/2022	129,969.09	-	129,969.09
9/01/2022	129,969.09	-	129,969.09
12/01/2022	129,969.09	-	129,969.09
3/01/2023	129,969.09	-	129,969.09
6/01/2023	129,969.09	-	129,969.09
9/01/2023	129,969.09	-	129,969.09
12/01/2023	129,969.09	-	129,969.09
3/01/2024	129,969.09	-	129,969.09
6/01/2024	129,969.09	-	129,969.09
9/01/2024	129,969.09	-	129,969.09
12/01/2024	129,969.09	-	129,969.09
3/01/2025	129,969.09	-	129,969.09
6/01/2025	129,969.09	-	129,969.09
9/01/2025	129,969.09	-	129,969.09
12/01/2025	129,969.09	-	129,969.09
3/01/2026	129,969.09	-	129,969.09
6/01/2026	129,969.09	-	129,969.09
9/01/2026	129,969.09	-	129,969.09
12/01/2026	129,969.09	-	129,969.09
3/01/2027	129,969.09	-	129,969.09
6/01/2027	129,969.09	-	129,969.09

Union Williams Public Service District

\$15,596,291

30 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: February 19, 2004

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2027	129,969.09	-	129,969.09
12/01/2027	129,969.09	-	129,969.09
3/01/2028	129,969.09	-	129,969.09
6/01/2028	129,969.09	-	129,969.09
9/01/2028	129,969.09	-	129,969.09
12/01/2028	129,969.09	-	129,969.09
3/01/2029	129,969.09	-	129,969.09
6/01/2029	129,969.09	-	129,969.09
9/01/2029	129,969.09	-	129,969.09
12/01/2029	129,969.09	-	129,969.09
3/01/2030	129,969.09	-	129,969.09
6/01/2030	129,969.09	-	129,969.09
9/01/2030	129,969.09	-	129,969.09
12/01/2030	129,969.09	-	129,969.09
3/01/2031	129,969.09	-	129,969.09
6/01/2031	129,969.09	-	129,969.09
9/01/2031	129,969.09	-	129,969.09
12/01/2031	129,969.09	-	129,969.09
3/01/2032	129,969.09	-	129,969.09
6/01/2032	129,969.09	-	129,969.09
9/01/2032	129,969.09	-	129,969.09
12/01/2032	129,969.09	-	129,969.09
3/01/2033	129,969.09	-	129,969.09
6/01/2033	129,969.09	-	129,969.09
9/01/2033	129,969.09	-	129,969.09
12/01/2033	129,969.09	-	129,969.09
3/01/2034	129,969.09	-	129,969.09
6/01/2034	129,969.09	-	129,969.09
9/01/2034	129,969.09	-	129,969.09
12/01/2034	129,969.09	-	129,969.09
3/01/2035	129,969.09	-	129,969.09
6/01/2035	129,969.09	-	129,969.09
9/01/2035	129,969.09	-	129,969.09
Total	15,596,291.00	-	15,596,291.00 *

*Plus \$9,828.92 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is \$1,179,470.40.

Ferris, Baker Watts

West Virginia Public Finance Office

File = Union Williams PSD Loans.sf-SRF 1-07-04- SINGLE PURPOSE

1/ 7/2004 3:48 PM

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:

LITHO IN U.S.A.
8
BOCES 342

Bowles Rice McDavid Graff & Love_{LLP}

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

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

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

ATTORNEYS AT LAW

600 Quarrier Street
Charleston, West Virginia 25301

Post Office Box 1386
Charleston, West Virginia 25325-1386
Telephone (304) 347-1100
www.bowlesrice.com

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

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

February 19, 2004

Camden P. Siegrist
Telephone — (304) 347-1129
Facsimile — (304) 343-3058

E-Mail Address:
csiegrist@bowlesrice.com

Union-Williams Public Service District
Post Office Box 243
Waverly, West Virginia 26184-0243

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

West Virginia Department of
Environmental Protection
1560 Kanawha Boulevard, East
Charleston, West Virginia 25311

Re: Union-Williams Public Service District Sewer Revenue Bonds,
Series 2004A (West Virginia SRF Program)

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by Union-Williams Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$15,596,291 Sewer Revenue Bonds, Series 2004A (West Virginia SRF Program), dated the date hereof (the "Series 2004A Bonds").

We have examined a certified copy of proceedings and other papers relating to the authorization of a bond purchase agreement dated January 8, 2004, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") and the Series 2004A Bonds, which are to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Series 2004A Bonds are issued in the principal amount of \$15,596,291, in the form of one bond registered as to principal to the Authority, with no interest and with principal payable March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2005, all as set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2004A Bonds.

Bowles Rice McDavid Graff & Love_{LLP}

February 19, 2004

Page 2

The Series 2004A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act") for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewer facilities of the Issuer (the "Project"), and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and the Bond Resolution duly adopted by the Issuer on February 11, 2004, as supplemented by a Supplemental Resolution duly adopted on February 11, 2004 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Series 2004A Bonds are authorized and issued and the Bond Purchase Agreement has been undertaken. The Series 2004A Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the Bond Purchase Agreement.

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

1. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.
2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the consent of the Authority and the DEP.
3. The Issuer is a duly organized and presently existing public service district, public corporation and political subdivision of the State of West Virginia with full power and authority to construct and acquire the Project, to operate and maintain the System, to adopt the Resolution and to issue and sell the Series 2004A Bonds, all under the Act and other applicable provisions of law.
4. The Resolution and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer in connection with the issuance and sale of the Series 2004A Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Resolution contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

Bowles Rice McDavid Graff & Love_{LLP}

February 19, 2004

Page 3

5. The Series 2004A Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid and legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of said System, on parity with the liens, pledge and source of and security for payment in favor of the holders of (i) the Sewerage System Revenue Bonds, Series 1991, of the Issuer, dated April 16, 1991, issued in the original principal amount of \$540,000; (ii) the Sewer Revenue Bonds, Series 2000 (West Virginia SRF Program), of the Issuer, dated December 15, 2000, issued in the original principal amount of \$412,000; and (iii) the Sewer Revenue Bonds, Series 2004B (West Virginia Infrastructure Fund), of the Issuer, dated February 19, 2004, issued in the original principal amount of \$1,900,000, all in accordance with the terms of the Series 2004A Bonds and the Resolution.

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

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

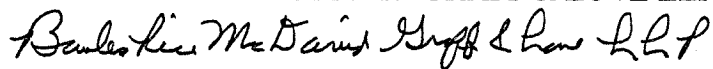
8. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Series 2004A Bonds, as provided in the Resolution.

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

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

Very truly yours,

BOWLES RICE MCDAVID GRAFF & LOVE LLP



CPS/spg

LOAN AGREEMENT

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

UNION WILLIAMS PUBLIC SERVICE DISTRICT (Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

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

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

UNION WILLIAMS PUBLIC
SERVICE DISTRICT

(SEAL)

Attest:

Ronald J. Williams
Its: Secretary

By: Howard E. Benfer
Its: Chairperson
Date: February 19, 2004

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

Attest:

Barbara B. Meadows
Its: Secretary-Treasurer

By: Daniel B. Gombosky
Its: Director
Date: February 19, 2004

000832/00466
01/12/04

WEST VIRGINIA MUNICIPAL BOND COMMISSION
NEW ISSUE REPORT FORM

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

Date of Report: February 19, 2004

ISSUE: Union-Williams Public Service District Sewer Revenue Bonds, Series 2004A
(West Virginia SRF Program)

ADDRESS: Post Office Box 243, Waverly, WV 26184-0243 COUNTY: Wood County

PURPOSE OF ISSUE: New Money ☒
Refunding ☐

Refunds issue(s) dated: _____

ISSUE DATE February 19, 2004

CLOSING DATE: February 19, 2004

ISSUE AMOUNT: \$ 15,596,291

RATE: 0% (.5% Administrative Fee)

1st DEBT SERVICE DUE: December 1, 2005

1st PRINCIPAL DUE: December 1, 2005

1st DEBT SERVICE AMOUNT: \$ 129,969.10

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Bowles Rice McDavid
Graff & Love LLP

UNDERWRITER'S COUNSEL: Jackson Kelly, PLLC

Contact Person: Camden P. Siegrist

Contact Person: Samme L. Gee, Esq.

Phone: (304) 347-1129

Phone: (304) 340-1318

CLOSING BANK: WesBanco Bank, Inc.

ESCROW TRUSTEE: _____

Contact Person: Rhonda Revels

Contact Person: _____

Phone: (304) 234-9411

Phone: _____

KNOWLEDGEABLE ISSUE CONTACT:

OTHER: West Virginia Department of Environmental Protection

Contact Person: Jerry Dotson

Contact Person: Rosalie Brodersen

Position: General Manager

Function: Program Manager

Phone: (304) 464-5121

Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE: _____

Accrued Interest: \$ _____

By: _____ Wire _____
_____ Check _____

Capitalized Interest: _____

Reserve Account: \$ _____

Other: _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By: _____ Wire _____
_____ Check _____
_____ IGT _____

_____ To Escrow Trustee: \$ _____

_____ To Issuer: \$ _____

_____ To Cons. Invest. Fund \$ _____

_____ To _____ \$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____