

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1989

Closing: August 3, 1989

WARM SPRINGS PUBLIC SERVICE DISTRICT

Sewer Revenue Bond, Series 1989

BOND RESOLUTION

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Exhibit A--Project Description

Exhibit B--Rates

BOND RESOLUTION

Introduced

Passed

Introduced by

A Resolution supplementing a resolution authorizing the issuance of \$1,326,000 Sewer Revenue Bonds, Series 1977, of Warm Springs Public Service District to finance construction of a public sewer system; authorizing the issuance of a Warm Springs Public Service District Sewer Revenue Bond, Series 1989, in aggregate principal amount not to exceed \$300,000, and the sale thereof to the United States Department of Agriculture, Farmers Home Administration, to finance, along with other funds and moneys of, or available to, the Warm Springs Public Service District that may be lawfully expended for such purposes, the long-term cost of the acquisition and construction of certain improvements and extensions to the existing sewerage system of the Warm Springs Public Service District; providing for the rights and remedies of and security for the owner of such Sewer Revenue Bond; and adopting other provisions related thereto.

BE IT ADOPTED AND ORDAINED BY THE PUBLIC SERVICE BOARD OF THE WARM SPRINGS PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings in this Resolution unless the context expressly requires otherwise:

A. "Act" means Article 13A of Chapter 16 of the Code of West Virginia, 1931, as amended and in effect on the date of adoption of this Resolution.

B. "Bond" or "Bonds" means the Original Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

C. "Bond Register" means the books of the District maintained by the Registrar, as hereinafter defined, for the registration and transfer of Bonds.

D. "Bondholder," "Holder of the Bonds" or "Owner of the Bonds" or "Registered Owner" or any similar term means any person who shall be the registered owner, as shown by the Bond Register, of any outstanding Bond.

E. "Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Bonds in substantially the form set forth in the Bond form contained herein.

F. "Chairman" means the Chairman of the District.

G. "Construction Trust Fund" means the Warm Springs Public Service District Construction Trust Fund established by Section 5.02.

H. "Consulting Engineers" means Kelly, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia, and any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems that shall at any time be retained by the District as consulting engineers for the System, as hereinafter defined.

I. "Cost of Works", "Cost of Project" or similar phrases mean those costs described in Section 1.03(K) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

J. "Depository Bank" means a state banking corporation or national banking association, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the Federal Deposit Insurance Corporation, as shall be appointed by a resolution supplemental hereto, and any successor thereto.

K. "District" means the Warm Springs Public Service District, a public corporation of the State of West Virginia, and, where appropriate, also means the Public Service Board thereof.

L. "Event of Default" means any event or occurrence specified in Section 7.01.

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

N. "Government" means the United States Department of Agriculture, Farmers Home Administration, and any successor thereto, as the Original Bond Purchaser of the Original Bond both as hereinafter defined.

O. "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.

P. "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 provisions 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 defined in and purchased pursuant to the Indenture hereinafter defined) or any connection charges, and for the furnishing by the District of miscellaneous services.

Q. "Independent Certified Public Accountant" means any firm of certified public accountants which shall be retained by the District as independent accountants for the System, as hereinafter defined.

R. "Net Revenues" means Gross Revenues less Operating Expenses, as hereinafter defined.

S. "Operating Expenses" means the reasonable, proper and necessary cost of repair, maintenance and operation of the system and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the fiscal agents, registrars, paying agents and trustees, other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption, if any, or interest on interim financing or the Bonds, charges for depreciation, losses from the sale of 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.

T. "Original Bond" means the not to exceed \$300,000 in aggregate principal amount of Sewer Revenue Bond, Series 1989, of the District originally authorized to be issued and sold to the Government pursuant to this Resolution.

U. "Original Bond Purchaser" means the Government as purchaser, directly from the District, of the Original Bond issued pursuant hereto.

V. "Outstanding," when used with reference to the Prior Bonds or the Bonds, as of any particular date, describes all Prior Bonds or Bonds theretofore and thereupon being issued and delivered except (a) any Bond cancelled by the Registrar, as hereinafter defined, at or prior to said date; (b) any Prior Bonds or Bond for the payment of which monies equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Prior Bonds or Bond deemed to have been paid as provided by Section 9.07; and (d) with respect to determining a specified percentage of Bondholders for the purpose of consents, notices and the like, any Bond registered to the District.

W. "Prior Bonds" means the District's Sewer Revenue Bonds, Series 1977, dated August 15, 1978, issued in the principal amount of \$1,326,000 and currently outstanding in the principal amount of \$1,181,956.11.

X. "Prior Resolution" means the resolution adopted by the Public Service Board of the District on October 14, 1977, authorizing the issuance of the Prior Bonds.

Y. "Project" means the extensions and improvements to the existing sewerage system of the District described in Exhibit A attached hereto and incorporated herein by reference.

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

(a) Government Obligations;

(b) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Bank; Federal Home Loan Bank System; Federal Land Banks; or Governmental National Mortgage Association;

(c) 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;

(d) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of any said time account or must be replaced or increased so that the

market value thereof is always at least equal to the principal amount of said time account;

(e) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (c) 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 any said repurchase agreement either must mature as nearly as practicable coincident with the maturity of said repurchase agreement or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreement, and provided further that the holder of such repurchase agreements 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;

(f) The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

(g) Obligations of states or political subdivision or agencies thereof, the interest on which is exempt from federal income taxation, and which are valid at Count "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

AA. "Registrar" means the Registrar for the Bonds which shall be appointed by respective resolutions supplemental hereto.

BB. "Replacement Fund" means the Sewer System Replacement Fund continued in Section 4.01(A).

CC. "Resolution," regardless of whether preceded by the article "the" or "this," means this Resolution as it may hereafter from time to time be amended or supplemented.

DD. "Reserve Account" means the Series 1989 Bond Reserve Account established with the West Virginia Municipal Bond Commission, by Section 4.01(B)(i).

EE. "Revenue Fund" means the Sewer Revenue Bond Revenue Fund continued in Section 4.01(A).

FF. "Secretary" means the Secretary of the District.

GG. "State" means the State of West Virginia.

HH. "Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article the, refers specifically to the supplemental resolution authorizing the sale of the Original Bond to the Government; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

II. 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 or neuter gender shall include all other genders.

JJ. 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 general accepted accounting principles.

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

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

Section 1.02. Authority of This Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared that:

(A) The District now owns and operates a sewerage system, furnishing sewer service to residences, premises and businesses residing or located within and without the area of the District, the acquisition and construction of certain improvements and extensions thereto being permanently financed by the issuance of the Original Bond to the Government.

(B) The acquisition and construction of the System was financed in part with the proceeds from \$1,326,000 in principal amount of the District's Prior Bonds, authorized pursuant to the Prior Resolution.

(C) The Prior Bonds of the District are currently outstanding in the principal amount of \$1,181,956.11.

(D) The District derives revenues from the System, and, except for the pledges thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner.

(E) Prior to the issuance of the Bonds, the District shall have applied to the registered owner of the Prior Bonds and received permission to issue the Bonds on a parity as to security and source of payment for the Prior Bonds. The District hereby determines that it has received said permission and is not required to meet the parity test set forth under the Prior Ordinance.

(F) It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the District that there be constructed certain improvements and extensions to the System in accordance with the plans and specifications prepared by the Consulting Engineers, which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof.

(G) The estimated maximum cost of the construction of the Project is \$300,000, which will be permanently obtained from the proceeds of the Original Bond herein authorized.

(H) The period of usefulness of the System after completion of the Project will not be less than forty years.

(I) The estimated Gross Revenues to be derived in each year after the issuance of the Original Bond from the operation of the System will be sufficient to pay all the cost of the operation and maintenance of said System, the principal of and interest on the Prior Bonds, the principal of and interest on the Original Bond authorized to be issued pursuant to this Resolution and all sinking fund, reserve and other payments provided for in the Prior Resolution and in this Resolution.

(J) Upon the issuance of the Original Bond, the District will grant the Government a first parity lien on the Net Revenues of the System.

(K) It is deemed necessary for the District to issue its Original Bond, in part to permanently finance 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 therefor; the cost of the arbitration award; the cost of the construction of said extensions, additions, betterments and improvements to the System and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of the Project and such replacements as are necessary therefor; the cost of interim financing for such Project; interest on the Original Bond, prior to, during and for six months after the estimated date of completion of construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys;

expenses for the service of registrars, paying agents, depositories or other agents in connection with the issuance of the Original Bond, and such other expenses as may be necessary or desirable to said acquisition and construction of the Project and placing the same in operation and the financing authorized by this Resolution.

(L) The District has complied with all requirements of West Virginia law relating to the authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal having expired.

Section 1.04. Resolution Constituting Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholders, and the covenants and agreements herein set forth to be performed by said District shall be for the equal benefit, protection and security of the Registered Owners of such Bonds.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SYSTEM

Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized the construction and acquisition of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization of the Original Bond. Subject and pursuant to the provisions hereof, the Bond of the District to be known as "Warm Springs Public Service District Sewer Revenue Bond, Series 1989" (the "Original Bond") is hereby authorized to be issued in an aggregate principal amount not to exceed Three Hundred Thousand Dollars (\$300,000) for the purpose of permanently financing a portion of the Costs of the Project.

Section 3.02. Description of Original Bond. The Original Bond shall be issued as a fully registered Bond in single form with a record of advances and a record of amortized installments attached, numbered R-1, not to exceed \$300,000, and shall be dated on the date of delivery thereof. The Bond shall bear interest from date of delivery on the amount outstanding, payable monthly, commencing 30 days from the date of the Bond, at a rate not to exceed five and seven-eighths per centum (5.875%) per annum, and shall be sold for the par value thereof.

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

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on

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

Section 3.05. Negotiability; Registration. The Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Bondholder, in accepting any said Bond, shall be conclusively deemed to have agreed that such Bond shall be, and have all of the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State, and each successive Bondholder 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 Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer the Bonds. Notwithstanding the foregoing, the Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon the transfer of a Bond, there shall be issued at the option of the Bondholder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond.

In all cases in which the privilege of exchanging Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such transfer shall forthwith be cancelled by the Registrar. For every such transfer of Bonds, the Registrar may make a charge sufficient to reimburse his office for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each new Bond upon each transfer, and any other expenses of said Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer; provided, the District shall pay any such expenses incurred in connection with a transfer or exchange by the Government. The Registrar shall not be obligated to make any such transfer of Bonds during the ten (10) days preceding any interest payment on the

Bonds or after notice of any prepayment or redemption of the Bonds has been given.

Any registration or transfer of registration of Bonds shall include supplying the Registrar with a Federal Employer Identification Number of the Bondholder (or comparable identifying information if the Bondholder is not a corporate entity) and such other information and shall comply with such other requirements as shall be determined by nationally recognized bond counsel to be necessary to render the interest on the Bond exempt from federal income taxation.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Bond 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 the District proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the District may prescribe and paying such expenses as the District may incur. Any Bond so surrendered shall be cancelled by the Registrar and held for the account of the District. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the District may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

Any such duplicate Bond issued pursuant to this section shall constitute an original, additional contractual obligation on the part of the District, whether or not the lost, stolen or destroyed Bond be at any time found by any one, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.07. Form of Bond. Subject to the provisions of this Resolution, the text of the Original Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution, the Supplemental Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Single, Fully Registered Bond)

No. R-1

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1989

\$ _____

Date _____

FOR VALUE RECEIVED, the WARM SPRINGS PUBLIC SERVICE DISTRICT (herein called the "Borrower"), promises to pay to the order of the United States of America, Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at _____, or at such other place as the Government may hereafter designate in writing and in the manner provided below, the principal sum of _____ Dollars (\$ _____), plus interest on the unpaid principal balance at the rate of _____ per centum (_____%) per annum.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and installments of \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security or other instrument executed in connection with the loan evidenced

hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Borrower has granted to the Government a lien on the proceeds of the Bond until such proceeds are expended for authorized purposes.

This Bond is issued to permanently finance a portion of the cost of construction and acquisition of certain extensions, additions, betterments and improvements to the District's sewerage system (the "Project") (the Project, together with the existing sewerage system of the District and any further improvements and extensions thereto, herein called the "System") under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13A of Chapter 16 of the Code of West Virginia, 1931, as amended, and a resolution duly adopted by the Public Service Board of the Warm Springs Public Service District on the _____ day of _____, 1989, as supplemented by a resolution duly adopted by said Public Service Board on the _____ day of _____, 1989 (herein collectively called the "Resolution"), and is subject to all the terms and conditions of said Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH THE LIEN OF AND SOURCE OF PAYMENT FOR AND SECURITY WITH THE DISTRICT'S OUTSTANDING SEWER REVENUE BONDS, SERIES 1977 DATED AUGUST 15, 1978 ISSUED IN THE PRINCIPAL AMOUNT OF \$1,326,000 ("THE PRIOR BONDS").

This Bond is payable only from and secured by a pledge of a first parity lien on the net revenues to be derived from the operation of the System of the Borrower, which net revenues shall be sufficient to pay the principal of, and interest on, this Bond, the Prior Bonds and all bonds which may be issued for the construction, acquisition, improvement, extension or betterment of such System as and when the same become due and payable, and which shall be set aside and remitted as provided in the Prior Resolution and to the Government as provided herein and in the Resolution. This Bond does not constitute an indebtedness of the Warm Springs Public Service District within the meaning of any constitutional or statutory provisions or limitations, nor shall the Borrower be obligated to pay the same or the interest hereon except from the Net Revenues as defined in the Resolution, derived from the operation of said System. The Borrower in said Resolution has covenanted and agreed that the schedule of rates or charges from time to time

in effect shall be sufficient to provide for all reasonable operating expenses of the System, to pay all debt service on the Prior Bonds and to leave a balance each year equal to at least 110% of the average annual debt service on this Bond and any other bonds on a parity with this Bond then outstanding and of the average annual debt service of any other obligations payable from the revenues of the System of the Borrower. Said Borrower has entered into certain further covenants with the owner of this Bond for the terms of which reference is made to said Resolution. Remedies provided the owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

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

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

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 have existed, 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 said District, 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 of said District have been pledged to and will be set aside into said special fund by said District for the prompt payment of the principal of and interest on this Bond.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, the said Warm Springs Public Service District has caused this Bond to be signed by its Chairman, attested by its Secretary and its corporate seal to be impressed hereon, all as of the date first written above.

WARM SPRINGS PUBLIC SERVICE
DISTRICT
(Name of Borrower)

(Signature of Executive Official)

[SEAL]

Chairman
(Title of Executive Official)

(Street Address)

(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary
(Title of Attesting Official)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Bond described in the within-mentioned Resolution and has been duly registered as of the date set forth below in the name of the United States of America, Farmers Home Administration, United States Department of Agriculture.

Registrar

By: _____
Its Authorized Officer

Dated: _____

RECORD OF ADVANCES

DATE _____

AMOUNT

INITIALED BY

[illegible]

TOTAL:

\$

Pay to the Order of

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By:

(Title)

RECORD OF PAYMENTS

[illegible]

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By: _____

(Title)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the _____, dated _____, of _____, and does hereby irrevocably constitute and appoint _____, attorney to transfer said Bond on the books of said _____ with full power of substitution in the premises.

DATED: _____

IN THE PRESENCE OF: _____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; REBATE FUND

Section 4.01. Establishment of Funds and Accounts with the Depository Bank.

A. The following special funds or accounts are created (or continued if previously established by the Prior Resolution) with and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(i) Revenue Fund (established by the Prior Resolution);

(ii) Replacement Fund (established by the Prior Resolution);

(iii) Construction Trust Fund.

B. The following special funds are hereby established with the Commission:

(i) With respect to the Bonds or the Bond, the Series 1989 Bond Reserve Account.

Section 4.02. System Revenues and Application Thereof.
So long as any of the Bonds shall be outstanding and unpaid, the District covenants with the Holders of the Bonds as follows:

A. Disposition of System Revenues. The District shall first deposit the Gross Revenues in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner herein provided. All revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority.

(1) First, from the moneys in the Revenue Fund, the District shall pay all Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the District shall on the first day of each month and simultaneously with the payment described in Section 3.02 (B)(2) of the Prior Resolution, commencing 30 days following delivery of the Original Bond, apportion and set apart out of the Revenue Fund and remit to the office and place designated by the Original Bond (herein called the "Sinking Fund") the monthly payment of interest or of principal and interest set forth in the Original Bond form hereinabove set forth, such

amount or amounts being the amount required to pay the interest on the Original Bond and to amortize the principal of the Original Bond over the life of the Original Bond; provided however, that the deposits to the Sinking Fund constitute actual payments of principal and interest. The amounts required for principal and interest payments on Bonds issued hereunder other than the Original Bonds shall be deposited in a sinking fund created by supplemental resolution.

(3) The District shall next transfer from the Revenue Fund, simultaneously with the transfer described in Section 3.02(B)(3) of the Prior Resolution and deposit in a Reserve Account on the first day of each month of each year, beginning with and including the month in which payments from the Revenue Fund for interest are commenced, an amount equal to one-tenth ($1/12$ of $1/10$) of all amounts required for maturing principal and interest in that year: Provided, however, that no further payments shall be made into said Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the maximum amount of principal and interest which will mature and become due on said Bonds in any succeeding fiscal year.

Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest on the Bonds when moneys in the Revenue Fund or, in the case of Bonds other than the Original Bonds, the funds in the sinking fund created by Supplemental Resolution are insufficient therefor and for no other purpose.

Any withdrawals from the Reserve Account shall be subsequently restored from the first revenue available after all required payments to the Sinking Fund and Reserve Account, including any deficiencies for prior payments, have been made in full.

As and when additional Bonds ranking on a parity with the Original Bond are issued, provision shall be made by Supplemental Resolution for additional payments sufficient to pay the interest on such additional parity Bonds and to accomplish retirement thereof at or before maturity and to accumulate a balance in the Reserve Account in an amount equal to the maximum provided and required to be paid in principal and interest in any calendar year for account of all the Bonds.

(4) Thereafter, the District shall next, on the first day of each month commencing with the first month in which interest shall be payable from the Revenue Fund, remit the moneys remaining in said Revenue Fund to the Depository Bank for deposit in the Replacement Fund. No further payments shall be required to be made into said Replacement Fund when there shall have been deposited therein, and so long as there

shall remain on deposit therein, the aggregate sum of \$5,000 and thereafter such sums as shall be required to maintain such amount therein. All funds in said Replacement Fund shall be kept apart from all other municipal funds, and all or any part of said fund may be invested as provided by Article VIII. Withdrawals and disbursements may be made from said Replacement Fund for replacements, emergency repairs, additions, betterments or improvements to the System, deficiencies in the payment of principal and interest on the Original Bond, or debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such additions, betterments or improvements.

(5) If all of the above required payments are then current, the District may use any moneys remaining in the Revenue Fund for the following purposes: (a) for prepayment of the amount, or any part thereof, of the Bonds outstanding in accordance with the terms thereof, (b) additions, betterments or replacements to the System which the Consulting Engineers certify are needed and/or (c) payments of principal and interest on subordinate sewer revenue bonds or other obligations which may hereafter be issued by the District.

All of the funds provided for above shall constitute trust funds and shall be used only for the purposes provided herein.

(6) The moneys in excess of the sum insured by the maximum amounts insured by the Federal Deposit Insurance Corporation in the Revenue Fund, in the Reserve Account and in the Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

(7) If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds 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 on the subsequent payment dates.

Section 4.03. Excess Bond Proceeds. The District shall place any excess proceeds from the Original Bonds not required by the Project in the Reserve Fund.

ARTICLE V

APPLICATION OF BOND PROCEEDS

Section 5.01 Application of Original Bond Proceeds.
The moneys received from the sale of any or all of the Original Bonds shall be deposited by the District in the Construction Trust Fund.

Section 5.02 Construction Trust Fund.

Bond proceeds and other funds shall be deposited with the Depository Bank in a special fund to be known as the "Construction Trust Fund," which fund shall be kept separate and apart from all other funds of the District, and shall be drawn out, used and applied by the District solely for the payment of the costs of the construction and acquisition of the Project and purposes incidental thereto, and for no other purposes whatsoever. The moneys in said fund shall be secured at all times by the deposit by such bank, as security, of Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the Federal Deposit Insurance Corporation. Any moneys not needed immediately for said purposes may, with the consent of the Consulting Engineers, be invested pursuant to Article VIII. If for any reason the amounts on deposit in the Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the District in the Reserve Account or as provided by Supplemental Resolution. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Holders of the Original Bond herein authorized.

Expenditures or disbursements from said Construction Trust Fund, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Original Bond shall be made only after such expenditures or disbursements shall have been approved in writing by the Consulting Engineers, the Public Service Board and the Government.

ARTICLE VI

ADDITIONAL COVENANTS OF THE DISTRICT

Section 6.01. General Covenants of the District. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the District and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the District hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Bonds or the interest thereon is outstanding and unpaid or until there shall have been set apart in the Reserve Account or Sinking Fund and Reserve Account with respect to other bonds, a sum sufficient to pay when due, defease or to prepay, the entire principal amount of the Bonds remaining unpaid, together with interest accrued and to accrue thereon.

Section 6.02. Bonds Not To Be Indebtedness of the District. The Bonds shall not be nor constitute an indebtedness of the District within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from a pledge of a second lien on the Net Revenues of the System, as herein provided. No Holder or Holders of any Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the District to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues; Statutory Mortgage Lien. The payment of the debt service of all of the Bonds issued hereunder shall be secured forthwith equally and ratably by a parity lien with the Prior Bonds on the Net Revenues derived from the operation of System, to the extent necessary to make the payments required under Section 4.01. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Bonds herein authorized, and to make the payments into the Reserve Account and all other payments provided for in the Prior Resolution and in this Resolution, are hereby irrevocably pledged in the manner provided in this Resolution, to the payment of the principal of and interest on the Prior Bond and the Bonds herein authorized as the same become due, and for the other purposes provided in the Prior Resolution and in this Resolution.

For the further protection of the holder of the Bonds, the statutory mortgage lien upon the System created by Chapter 16, Article 13A, Section 19, of the Code of West Virginia, 1931, as amended, is hereby specifically recognized by the

District and said lien is on a parity with the lien of the Prior Bonds.

Section 6.04. Rates. The rates and charges approved by the Public Service Commission of West Virginia in the Final Order for Case No. 88-363-S-CN, dated May 31, 1989, are hereby adopted and ratified and ordered to be placed into effect in accordance with the Public Service Commission Rules. The rates are set forth as Exhibit B attached hereto and incorporated herein. The schedule of rates and charges shall at all times be sufficient to pay the Operating Expenses of the System, provide an adequate Reserve Account and adequate Replacement Fund and pay the principal of and interest on all Bonds issued 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 District hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable Operating Expenses of the System, and (ii) to leave a balance each Fiscal Year equal to the maximum amount required in any succeeding Fiscal Year for the payment of principal of and interest on the Prior Bonds and to leave a balance each Fiscal Year equal to at least 110% of the average annual debt service on the Bonds Outstanding and of the average annual debt service of any other obligations of the District.

Section 6.05. Completion, Operation and Maintenance. The District will expeditiously complete the Project in accordance with the plans and specifications prepared by the Consulting Engineers, subject to changes permitted by the District and the Government, and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of the System in the manner provided in this Resolution.

Section 6.06. Sale of the System. So long as the Original Bond is Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of or encumbered only with the written consent of the Government, and such consent will specify the disposition of any such sale or transfer. So long as the Prior Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of only in accordance with the terms of the Prior Resolution and with the prior written consent of the Government.

Section 6.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The District shall not issue any other obligations whatsoever, except *pari passu* additional bonds ("Additional Bonds") provided for in Section 6.08 hereof, 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 Original Bond; and all obligations hereafter issued by the District payable from the revenues of the System, except such Additional 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 Original Bond, and as long as the Prior Bonds are outstanding, the Additional Bonds will be junior and subordinate to both the Prior Bonds and the Original Bond.

The District 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 Original Bond, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Original Bond and the interest thereon in this Resolution, or upon the System or any part thereof, except as provided in Section 6.08.

Section 6.08. Issuance of Additional Bonds. No Additional Bonds, as in this section defined, payable out of the revenues of the System, shall be issued after the issuance of the Original Bond pursuant hereto, except under the conditions and in the manner herein provided.

(A) No such Additional Bonds shall be issued without the written consent in advance of the Government. No such Additional Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, additions, betterments and improvements to the System or refunding one or more series of Bonds issued hereunder, except as provided in subsection (F) of this section.

(B) No such Additional Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written certification by a certified public accountant not in the regular employ of the District, based upon the necessary investigation, reciting the conclusion that the Net Revenues actually derived from the System during the Fiscal Year immediately preceding the date of the issuance of such Additional Bonds shall have been not less than one hundred twenty percent (120%) of the average aggregate amount which will mature or become due in any succeeding Fiscal Year for principal of and interest on the Prior Bonds, if outstanding, on the Original Bond and on all Bonds of all other outstanding series on a parity with the Original Bond and on

the Additional Bonds then proposed to be issued. This limitation may be waived or modified by the written consent of Bondholders representing 75% of each series of the then Outstanding Bonds issued pursuant hereto.

(C) Prior to or concurrently with the issuance of any such Additional Bonds, the District shall have entered into written contracts for the immediate acquisition or construction of such extensions, additions, betterments or improvements to the System which are to be financed by such Additional Bonds.

(D) The term "Additional Bonds," as used in this section, shall be deemed to mean Additional Bonds issued under the provisions and within the limitations of this section, payable from the revenues of the System on a parity with the Original Bond, and all the covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of any Bonds issued pursuant to this Resolution and the Holders of any Additional Bonds subsequently issued within the limitations of and in compliance with this section. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The District shall comply fully with all the increased payments into the various funds, either new or created herein, required for such Additional Bonds, in addition to the payments required for the Prior Bonds, and the Original Bond originally issued hereunder. Redemption of Bonds prior to maturity, in the event that the Original Bond and Additional Bonds hereby authorized are Outstanding, shall as nearly as practical be on an equal pro rata basis reflecting the original amounts of each issue.

(E) No Additional Bonds shall be issued at any time unless all the payments into the respective funds provided for herein on Bonds then Outstanding and all other payments provided for herein shall have been made or paid up as required to the date of issuance of the Additional Bonds and the District shall have fully complied with all the covenants, agreements and terms hereof or shall have remedied any deficiency in such compliance.

(F) With the written consent in advance of the Government, and anything to the contrary in subsections (A), (B) and (C) of this section notwithstanding, Additional Bonds may be authorized and issued by the District pursuant to a supplemental ordinance in the event that the Original Bond should be insufficient, together with other funds lawfully available therefor, to pay or provide for all costs of construction of the Project. Any such Additional Bonds authorized and issued under the provisions of this subsection

shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of such construction costs, and the maturities of any such Additional Bonds shall be in years and amounts suggested by the Government.

Section 6.09. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Bonds remain Outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(B) Public Liability Insurance, with limits of not less than \$500,000 for personal liability to protect the District from claims for bodily injury and/or death and not less than \$200,000 from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured at the commencement of construction of the Project.

(C) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than \$500,000 for personal liability to protect the District from claims for bodily injury and/or death and not less than \$200,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

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

compliance with the West Virginia Code, Chapter 38, Article 2, Section 39.

(E) Fidelity Bonds will be provided as to every officer and employee of the District having custody of the Revenue Fund or of any other funds or valuable property of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

Provided, however, and in lieu of and notwithstanding the foregoing provisions of this section, during construction of the Project and so long as the Government holds any of the Bonds, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District, and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, as long as such amounts are not less than any amounts acquired by the Prior Resolution if the Prior Bonds are outstanding, and with insurance carriers or bonding companies acceptable to the Government.

Section 6.10. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Resolution shall have the right at all reasonable times to inspect the System and all parts thereof, and all records, accounts and data of the District relating thereto.

The accounting system for the System shall follow generally accepted accounting practices to the extent allowed by the uniform system of accounts promulgated by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the District. Subsidiary records as may be required shall be kept in the manner, on the forms, books, and other bookkeeping records as prescribed by the District. The District 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 District shall be reported to such agent of the District as the Public Service Board of the District shall direct.

The District shall, at least once a year, cause the books, records and accounts of the System to be audited by an Independent Certified Public Accountant and shall mail the report of said Independent Certified Public Accountant to the Government and, upon request, to any other Holder or Holders of

the Bonds. The Government, so long as it holds all the Bonds, may permit substitution of a copy of the annual audit report by the office of the State Tax Commissioner for the copy of an annual audit report by an Independent Certified Public Accountant.

The District shall retain all records, books and supporting material for a period of three years after the issuance of such audit reports and financial statements, and such material, upon request, will be made available to the Government, the Controller General of the United States of America or their representatives.

Section 6.11. Fiscal Year; Budget. While the Original Bond is Outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the District agrees to adopt the annual budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of such annual budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Council. Copies of each annual budget shall be delivered to the Government by the beginning of each Fiscal Year.

If for any reason the District shall not have adopted the annual budget before the first day of any Fiscal Year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten percent (10%); and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless the District's failure to submit an annual budget shall be for a reason beyond the control of the District. Each such budget of current expenses shall be delivered and mailed immediately as in the case of the annual budget.

Section 6.12. Services Rendered to the District. The District will not render or cause to be rendered any free services of any nature by its System; and, in the event the District or any department, agency, instrumentality, officer or employee of the District shall avail himself 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 District and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the District shall transfer from its

general funds sufficient sums to pay such charges for service to any of its departments or properties. 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 6.13. Enforcement of Collections. The District 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 laws of the State.

The District 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 and facilities of the System for nonpayment of the fees, rentals or other charges for the services and facilities of the System, and will not restore such services until all delinquent charges for the services and facilities of all parts of the System, plus reasonable penalties and charges for the restoration of service, have been fully paid.

Section 6.14. No Competing Franchise. To the extent allowable by law, the District will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality, for the providing of any services which would compete with services provided by the System.

Section 6.15. Consulting Engineer. The District will retain recognized, qualified independent Consulting Engineers on an annual basis to supervise generally the operation, maintenance and renewal of the System, and to report annually to the District in writing their recommendations and comments as to the System. Such annual report of the Consulting Engineers, or a summary thereof, shall be made available at reasonable times to the Government and to any Bondholder requesting the same.

Section 6.16. Tax Covenants. The District hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The District shall assure that (i) not in excess of 10% of the Net Proceeds of the 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 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 a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the District, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the 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 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 District, 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 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The District shall assure that not in excess of the lesser of 5% of the Net Proceeds of the 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 District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

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

E. FURTHER ACTIONS. The District will take all actions that may be required of it so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of the principal of any of the Bonds either at the date therein specified for its payment or on the date fixed for redemption by proceedings for redemption, or otherwise;

(B) Failure to make payment of any installment of interest due on any of the Bonds on the date specified for the payment of such interest;

(C) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Bonds, or in this Resolution, or violation of or failure to observe any provision of any pertinent law, provided, that a default under any other agreement the District has with the Government constitutes a default hereunder, and provided that any such failure or violation, excluding those covered in (A) and (B) above in this section, must continue for a period of thirty (30) days after written notice shall have been given to the District by any Bondholder specifying such failure or violation and requiring the same to be remedied.

(D) If the District files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 7.02. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, if the Government is the Holder of any of the Bonds outstanding, the Government, at its option, may:

(A) Declare the entire principal amount of the Bonds held by it then outstanding, and any interest accrued thereon, immediately due and payable;

(B) For the account of the District, incur and pay reasonable expenses for repair, maintenance and operation of the System and such other reasonable expenses as may be necessary to cure the cause of default; or

(C) Take possession of the System and repair, maintain and operate or otherwise dispose of such facilities.

Section 7.03. Remedies and Appointment of Receiver. Any Bondholder may, by proper legal action, compel the

performance of the duties of the District under this Resolution and the Act, including 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. Upon the happening of an Event of Default, any Bondholder 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 on behalf of the District, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and the interest thereon, the deposits into the funds and accounts hereby established as herein provided, and the payment of Operating Expenses of the System, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his 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 District exercise all the rights and powers of the District with respect to said facilities.

Whenever all that is due upon the Bonds issued pursuant to this Resolution, and interest thereon, and under any covenants of this Resolution for reserve, sinking or other funds, and upon any other obligations having a charge, lien or encumbrance upon the revenues of the System, and interest thereon, shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the District upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any Holder of Bonds issued pursuant to this Resolution 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, 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 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 District and for the joint protection and benefit of the District and holders of Bonds issued pursuant to this Resolution. 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 District and Bondholders, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of said System shall remain in the District, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

ARTICLE VIII

INVESTMENTS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Resolution, other than the Revenue Fund, shall be invested and reinvested by the West Virginia Municipal Bond Commission or the Depository Bank, as the case may be, at the direction of the District in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section and in Sections 8.03 and 8.04.

Except as provided below, 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. The District shall direct the Depository Bank to sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or wilful misconduct.

The following specific provisions shall apply with respect to any investments made under the section:

A. Qualified Investments acquired for the Reserve Account shall have maturities or be subject to redemption at the option of the holder within five (5) years from the date of acquisition provided that all investment earnings on moneys in the Reserve Account shall be transferred, not less than once a year, to the Revenue Fund and applied in full to the next ensuing principal payment due on the Bonds.

B. Qualified Investments acquired for the Replacement Fund shall have maturities or be subject to redemption at the option of the holder within ten (10) years from the date of acquisition.

C. Qualified Investments may be purchased for the Reserve Account or the Replacement Fund either in the open market or from the Construction Trust Fund. If so purchased from the Construction Trust Fund, such Qualified Investments shall be purchased at a price equal to their original purchase price plus accrued interest.

Section 8.02 Arbitrage. The District covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the District's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Rebate of Excess Investment Earnings to the United States.

A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Resolution, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Resolution, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than \$100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the District shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on the last day of each Bond Year or on the preceding business day in the event that such last day is not a business day, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the District on such date shall be credited by an amount equal to the amount so transferred.

B. DUTIES OF DISTRICT IN GENERAL. The District shall calculate Excess Investment Earnings in accordance with

Subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsections D and E.

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 30 days following the last day of the first Bond Year, the District shall calculate, and shall provide written notice to the Original Purchaser and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 30 days following the last day of each Bond Year and within 30 days following the date of the retirement of the Bond, the District shall calculate, and shall provide written notice to the Purchaser and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the District in accordance with the following:

(1) Except as provided in (2), in determining the amount described in clause A(i) of the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the actual Yield of the Bonds during the period between the Closing Date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bond, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than \$100,000.

D. PAYMENT TO THE UNITED STATES. The District shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The District shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period. Not later than 60 days after the retirement of the Bonds, the District shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the District to be used for any lawful purpose of the System. The District shall remit payments to the United States at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection D, the District shall assure that such payments are made by the District to the United States, on a timely basis, from any funds lawfully available therefor.

E. FURTHER OBLIGATIONS OF DISTRICT. The District shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the District shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be

made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

F. MAINTENANCE OF RECORDS. The District shall keep, and retain for a period of 6 years following the retirement of the Bonds, records of the determinations made pursuant to this Section 8.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, the District and the Depository Bank (at the expense of the District) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the District or the Depository Bank may deem appropriate.

H. FURTHER AGREEMENT. Notwithstanding the foregoing, the District further covenants to comply with all Regulations from time to time in effect and applicable to the Bonds, as may be necessary in order to fully comply with Section 148(f) of the Code.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Modification or Amendment. No material modification or amendment of this Resolution or of any ordinance or resolution amendatory hereof or supplemental hereto shall be made without the consent in writing of the Holders of two-thirds or more in principal amount of the Bonds then outstanding; provided, however, that no change shall be made in the maturity of any Bond or Bonds, or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the District to pay such principal of and interest on the Bonds as the same shall become due out of the Net Revenues. Notwithstanding the above, no amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications, or for consent of 75% of the Holders of each series of Bonds outstanding to waiver or modification of the limitation upon issuance of Additional Bonds contained in Section 6.08.

Section 9.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution.

Section 9.03. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 9.04. Award and Delivery of Original Bond No. R-1. The Chairman and the Secretary of the District are hereby authorized and directed to cause Bond No. R-1, representing all the Original Bond issue, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery and pay for Bond No. R-1.

Section 9.05. Repeal of Conflicting Resolutions. All resolutions and orders, or parts thereof, other than the Prior Resolution, in conflict with this Resolution are to the extent of such conflict repealed; provided, however, that any loan resolution, or part thereof, adopted by the District on Form FmHA 442-47 shall not be repealed hereby.

Section 9.06. Covenant of Due Procedure. The District covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final adoption and passage of

this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and members of the Public Service Board of the District 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 9.07. Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the respective pledges of Net Revenues, Original Bond proceeds and other moneys and securities pledged under this Resolution, and all covenants, agreements and other obligations of the District to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited irrevocably in trust with the Depository Bank at the same or earlier time, shall be sufficient, to pay as and when due the principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds shall prior to the maturity thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited in trust with the Depository Bank either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited irrevocably in trust with the Depository Bank at the same time, shall be sufficient, to pay when due the principal of and interest due and to become due on said Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited irrevocably in trust with the Depository Bank pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited irrevocably in trust with the Depository Bank if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on said Bonds on and prior to such maturity dates thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the District, as received by said Depository Bank,

free and clear of any trust, lien or pledge. In the case of Bonds, other than the Original Bonds, such deposits shall be made pursuant to and with the institution named in the Act or on agent thereof. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 9.08. Effective Date. This Resolution shall take effect after passage.

Dated: August 3, 1989

[SEAL]

Earl T. Andrews
Chairman

Burton C. English
Member

Ronald L. Reeder
Member

EXHIBIT A

PROJECT DESCRIPTION

The Warm Springs Public Service District Project includes the payment of the balance due to the Phase I contractor under an arbitration award, replacement and modification of sludge system, replacements and repairs to manholes, including proper sealing, replacement of defective sections of existing interceptors and all appurtenances related thereto.

WARM SPRINGS PUBLIC SERVICE DISTRICT

\$300,000 Warm Springs Public Service
District, Sewer Revenue Bond, Series 1989

ENGINEER'S CERTIFICATE

I, E. MICHAEL PYLES, Registered Professional Engineer, West Virginia License No. 7663, of Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia, hereby certify that my firm is engineer for the construction and acquisition of the extensions, additions, betterments and improvements to the sewerage system (herein called the "Project") of the Warm Springs Public Service District (the "District") to be constructed primarily in Morgan County, West Virginia, which construction and acquisition are being financed in part by the above-captioned bonds of the Warm Springs Public Service District.

The Project is estimated to cost \$300,000 and is being funded by a \$300,000 Loan from the Farmers Home Administration (the "FmHA Loan").

I further certify that all engineering requirements of the FmHA Loan Agreement have been reviewed and that the District has complied or will be in compliance with all engineering requirements thereof consistent with the Project's funding schedule.

I further certify that we have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project.

I further certify that the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed and the construction period is estimated at a period not to exceed six months. To the best of my knowledge (i) the Project will be constructed in accordance with plans and specifications prepared by my firm and is situate wholly or chiefly within the boundaries of the District; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals and permits for the construction thereof have been obtained or can be obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project; (iv) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; and (v) adequate funding is

available to complete the Project in accordance with the plans and specifications, including modifications required by the District

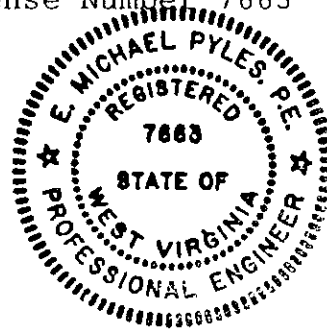
WITNESS my signature and seal on this 3rd day of August, 1989.

KELLEY, GIDLEY, BLAIR & WOLFE, INC.

[SEAL]

By E. Michael Pyles

License Number 7663



WARM SPRINGS PUBLIC SERVICE DISTRICT

\$300,000 Warm Springs Public Service
District, Sewer Revenue Bond, Series 1989

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

CITIZENS NATIONAL BANK OF BERKELEY SPRINGS, a national banking corporation with its principal office in Berkeley Springs, West Virginia, hereby accepts appointment as Depository Bank in connection with a Resolution of the Warm Springs Public Service District adopted August 3, 1989, and the Supplemental Resolution adopted August 3, 1989 (collectively the "Resolution") authorizing issuance of the Warm Springs Public Service District Sewer Revenue Bond, Series 1989, dated August 3, 1989, in the aggregate principal amount of \$300,000 (the "Bond") and agrees to perform all duties of Depository Bank in connection with such Bond, all as set forth in said Resolution.

Witness my signature as of the 3rd day of August, 1989.

CITIZENS NATIONAL BANK OF
BERKELEY SPRINGS

By Raymond H. Lawry
Executive Vice President

WARM SPRINGS PUBLIC SERVICE DISTRICT

\$300,000 Warm Springs Public Service
District, Sewer Revenue Bond, Series 1989

JOINT CERTIFICATE OF ISSUER AND DEPOSITORY BANK

The undersigned, Earle T. Andrews, Chairman of the Warm Springs Public Service District (the "Issuer") and the undersigned, Raymond H. Lawyer, Executive Vice President of Citizens National Bank of Berkeley Springs, a national banking corporation in its capacity as depository bank (the "Depository Bank") under a Resolution adopted by the Public Service Board of the Issuer on August 3, 1989, and a Supplemental Resolution adopted by the Public Service Board of the Issuer on August 3, 1989 (collectively, the "Resolution"); hereby jointly certify as follows in connection with the above-captioned Bond issue:

The Issuer has duly executed the Resolution and appointed the Depository Bank and the Depository Bank has duly accepted the duties of Depository Bank as set forth in the Resolution.

WITNESS our signatures this 3rd day of August, 1989.

WARM SPRINGS PUBLIC SERVICE DISTRICT

By: Earle T. Andrews
Chairman

CITIZENS NATIONAL BANK OF BERKELEY
SPRINGS

By: Raymond H. Lawyer
Executive Vice President

WARM SPRINGS PUBLIC SERVICE DISTRICT

\$300,000 Warm Springs Public Service
District, Sewer Revenue Bond, Series 1989

ACCEPTANCE OF DUTIES OF REGISTRAR

CITIZENS NATIONAL BANK OF BERKELEY SPRINGS, a national banking corporation with its principal office in Berkeley Springs, West Virginia, hereby accepts appointment as Registrar in connection with a Resolution of the Warm Springs Public Service District adopted August 3, 1989, and the Supplemental Resolution adopted August 3, 1989 (collectively the "Resolution") authorizing issuance of the Warm Springs Public Service District Sewer Revenue Bond, Series 1989, dated August 3, 1989, in the aggregate principal amount of \$300,000 (the "Bond") and agrees to perform all duties of Registrar in connection with such Bond, all as set forth in said Resolution.

Witness my signature as of the 3rd day of August, 1989.

CITIZENS NATIONAL BANK OF
BERKELEY SPRINGS

By: Raymond H. Sawyer
Executive Vice President

WARM SPRINGS PUBLIC SERVICE DISTRICT

\$300,000 Warm Springs Public Service
District, Sewer Revenue Bond, Series 1989

CERTIFICATE OF REGISTRATION OF BOND

I, RAYMOND H. LAWYER, Executive Vice President of CITIZENS NATIONAL BANK OF BERKELEY SPRINGS, as Registrar under the Resolution providing for the \$300,000 aggregate principal amount of the Warm Springs Public Service District's (the "Issuer"), Sewer Revenue Bond, Series 1989, hereby certify that on the 3rd day of August, 1989, the single fully registered Series 1989 Bond of the Issuer in the principal amount of \$300,000 designated "Warm Springs Public Service District Sewer Revenue Bond, Series 1989," numbered R-1, and dated of the date hereof was registered as to principal and interest in the name of "Farmers Home Administration, United States Department of Agriculture" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of Citizens National Bank of Berkeley Springs, as Registrar.

WITNESS my signature as of this 3rd day of August,
1989.

CITIZENS NATIONAL BANK OF
BERKELEY SPRINGS

By: Raymond H. Lawyer
Executive Vice President

WARM SPRINGS PUBLIC SERVICE DISTRICT

\$300,000 Warm Springs Public Service
District, Sewer Revenue Bond, Series 1989

RECEIPT FOR BOND NO. R-1

The undersigned, on behalf of the Farmers Home Administration of the United States Department of Agriculture, hereby certifies as follows:

1. On the 3rd day of August, 1989, in Berkeley Springs, West Virginia, the undersigned received for and on behalf of the Farmers Home Administration the entire amount of the Warm Springs Public Service District Sewer Revenue Bonds, Series 1989 (the "Bond"), of the Warm Springs Public Service District (the "District"), authorized to be issued by a resolution adopted by the Public Service Board of the District on the 3rd day of August, 1989 and a Supplemental Resolution adopted on August 3, 1989 (collectively the "Resolution"); in the principal amount of \$300,000; dated the 3rd day of August, 1989; and issued in the form of one bond, fully registered to the United States of America, Farmers Home Administration, and numbered R-1. The Bond bears interest at the rate of 5.875% per annum, payable in monthly installments on the amounts advanced thereunder for the first 2 years from the date of the Bond, and thereafter monthly installments of interest and principal are payable in the aggregate sum of \$1,626 for each installment, the final payment forty years after the date of the Bond to be in the sum of the unpaid principal and interest thereon to the date of such payment. The Bond represents all maturities of the above-captioned bond issue.

2. At the time of such receipt of said Bond, it had been executed by Earle T. Andrews, Sr., Chairman of the District, by manual signature, and attested by Burton C. English, Secretary of the District, by manual signature, and the official seal of said District had been impressed upon said Bond.

IN WITNESS WHEREOF, said Farmers Home Administration has duly signed and delivered this Receipt for Bond No. R-1 on this 3rd day of August, 1989.

FARMERS HOME ADMINISTRATION

By: James M. Gledhill
Its: District Loan Specialist

WARM SPRINGS PUBLIC SERVICE DISTRICT
\$300,000 Sewer Revenue Bond, Series 1989

RECEIPT FOR BOND PROCEEDS

I, the undersigned Earle T. Andrews, Chairman of Warm Springs Public Service District (the "District"), hereby certify that the District received by check on the date hereof the sum of \$300,000 from United States Department of Agriculture, Farmers Home Administration in full payment for the Warm Springs Public Service District's Sewer Revenue Bond, Series 1989.

Dated this 3rd day of August, 1989.

WARM SPRINGS PUBLIC SERVICE
DISTRICT

By Earle T. Andrews
Its Chairman

WARM SPRINGS PUBLIC SERVICE DISTRICT
\$300,000 Sewer Revenue Bond, Series 1989

BOND REGISTER

Citizens National Bank of Berkeley Springs, as Bond Registrar

<u>Name of Bondholder</u> <u>(Address & Tax ID)</u>	<u>Bond Number</u>	<u>Bond Amount</u>	<u>Registration</u> <u>Date</u>	<u>Authorized</u> <u>Officer</u>
United States Department of Agriculture Farmers Home Administration P. O. Box 678 Morgantown, WV 26505	R-1	\$300,000	August 3, 1989	<i>RNL</i>

No. R-1

WARM SPRINGS PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1989

\$300,000

Date: August 3, 1989

FOR VALUE RECEIVED, the WARM SPRINGS PUBLIC SERVICE DISTRICT (herein called the "Borrower"), promises to pay to the order of the United States of America, Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at United States Department of Agriculture, Farmers Home Administration, P. O. Box 678, Morgantown, West Virginia, 26505, or at such other place as the Government may hereafter designate in writing and in the manner provided below, the principal sum of Three Hundred Thousand Dollars (\$300,000), plus interest on the unpaid principal balance at the rate of five and seven-eighths per centum (5.875%) per annum.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and installments of \$1,626, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

on the proceeds of the Bond until such proceeds are expended for authorized purposes.

This Bond is issued to permanently finance a portion of the cost of construction and acquisition of certain extensions, additions, betterments and improvements to the Borrower's sewerage system (the "Project") (the Project, together with the existing sewerage system of the Borrower and any further extensions, additions, betterments and improvements thereto, herein called the "System") under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13A of Chapter 16 of the Code of West Virginia, 1931, as amended, and a resolution duly enacted by the Public Service Board of the Warm Springs Public Service District on the 3rd day of August, 1989, as supplemented by a resolution duly adopted by said Public Service Board on the 3rd day of August, 1989 (herein collectively called the "Resolution"), and is subject to all the terms and conditions of said Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Resolution.

THIS BOND IS ISSUED ON A PARITY WITH THE LIEN OF AND SOURCE OF PAYMENT FOR AND SECURITY WITH THE DISTRICT'S OUTSTANDING SEWER REVENUE BONDS, SERIES 1977 DATED AUGUST 15, 1978 ISSUED IN THE PRINCIPAL AMOUNT OF \$1,326,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of a first parity lien on the net revenues to be derived from the operation of the System of the Borrower, which net revenues shall be sufficient to pay the principal of, and interest on, this Bond, the Prior Bonds as defined in the Resolution and all bonds which may be issued for the construction, acquisition, improvement, extension or betterment of such System as and when the same become due and payable, and which shall be set aside and remitted as provided in the Prior Resolution and to the Government as provided herein and in the Resolution. This Bond does not constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provisions or limitations, nor shall the Borrower be obligated to pay the same or the interest hereon except from the Net Revenues as defined in the Resolution, derived from the operation of said System. The Borrower in said Resolution has covenanted and agreed that the schedule of rates or charges from time to time in effect shall be sufficient to provide for all reasonable operating expenses of the System, to pay all debt service on the Prior Bonds and to leave a balance each year equal to at least 110% of the average annual debt service on this Bond and any other bonds on a parity with this Bond then outstanding and of the average annual debt service of any other obligations payable from the revenues of the System of the Borrower. Said Borrower has entered into certain further covenants with the owner of this Bond for the terms of which reference is made to said Resolution. Remedies provided the owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

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

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and

terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

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 have existed, 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 said Borrower, 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 of said Borrower have been pledged to and will be set aside into said special fund by said Borrower for the prompt payment of the principal of and interest on this Bond.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, the said Warm Springs Public Service District has caused this Bond to be signed by its Chairman, attested by its Secretary and its corporate seal to be impressed hereon, all as of the date first written above.

WARM SPRINGS PUBLIC SERVICE DISTRICT
(Name of Borrower)

(Signature of Executive Official)

[CORPORATE SEAL]

Chairman
(Title of Executive Official)

103 Wilkes Street
(Street Address)

Berkeley Springs, WV 25411
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary
(Title of Attesting Official)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Bond described in the within-mentioned Resolution and has been duly registered as of the date set forth below in the name of the United States of America, Farmers Home Administration, United States Department of Agriculture.

CITIZENS NATIONAL BANK OF
BERKELEY SPRINGS,
as Registrar

By: _____
Its Authorized Officer

Dated: _____

RECORD OF ADVANCES

[illegible]

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By: _____

(Title)

RECORD OF PAYMENTS

DATE _____

AMOUNT

INITIALED BY

[illegible]

"SPECIMEN"

TOTAL:

\$

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By:

(Title)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the _____, dated _____, of _____, and does hereby irrevocably constitute and appoint _____ attorney to transfer said Bond on the books of said _____ with full power of substitution in the premises.

DATED: _____

IN THE PRESENCE OF: _____

"SPECIMEN"

JACKSON & KELLY
ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130 .

WRITER'S DIRECT DIAL NO.

618 MONONGAHELA BUILDING
P. O. BOX 619
MORGANTOWN, WEST VIRGINIA 26507
TELEPHONE 304-292-7311

13 SOUTH HIGH STREET
P. O. BOX 619
MORGANTOWN, WEST VIRGINIA 26507
TELEPHONE 304-296-1006

175 EAST MAIN STREET
P. O. BOX 2150
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

SUITE 101
202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

August 3, 1989

Farmers Home Administration
400 Davis Avenue
Elkins, West Virginia 26241

Public Service Board
Warm Springs Public Service
District
Berkeley Springs, West Virginia 25411

Re: \$300,000 Warm Springs Public Service
District Sewer Revenue Bond, Series 1989

Gentlemen:

We have examined a record of proceedings relating to the issuance of the Warm Springs Public Service District Sewer Revenue Bond, Series 1989 of the Warm Springs Public Service District (the "District"), dated the 3rd day of August, 1989, numbered R-1, in the principal amount of \$300,000, and bearing interest from the date of delivery at the rate of five and seven-eighths per centum (5.875%) per annum (the "Bond").

The Bond is issued pursuant to Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and has been authorized by a resolution and supplemental resolution duly adopted by the Public Service Board of the District on the 3rd day of August, 1989 (the "Bond Resolution").

Interest is payable in monthly installments for the first two years commencing thirty days after the date of the Bond, and thereafter monthly installments of interest and principal are payable in the aggregate sum of \$1,626 for each installment, the final payment forty years after the date of the Bond to be in the sum of the unpaid principal and interest thereon to the date of such payment. Principal installments

JACKSON & KELLY

Farmers Home Administration
Public Service Board
August 3, 1989
Page 2

upon the Bond are subject to payment in advance, as provided therein and in the Bond Resolution. The Bond is issued in single, fully registered form and is numbered R-1.

The Bond Resolution and the Bond provide that the issue is for the purposes of permanently financing part of the costs of acquisition and construction of extensions, additions, betterments and improvements to the existing sewerage system of the District (such existing sewerage system now owned by the District for a sewage disposal system, together with such extensions, additions, betterments and improvements and any further extensions, additions, betterments and improvements thereto is herein called the "System").

It is our opinion that:

1. The District is a duly created and presently existing public corporation and political subdivision with full power and authority to construct and acquire the said extensions, additions, betterments and improvements and to operate and maintain the System and to issue and sell the Bond, all under the provisions of the Act and other applicable provisions of law.

2. The District, through its Public Service Board, has legally and effectively adopted the Bond Resolution and has authorized, executed and delivered the Bond.

3. The Bond, subject to the terms thereof, constitutes a valid and legally enforceable special obligation of the District, payable solely from and secured by a lien on the net revenues of the System, all in accordance with the terms of the Bond and the Bond Resolution. The Bond is on a parity as to security for and source of payment with the District's Sewer Revenue Bond, Series 1977.

4. The District has reserved the right to issue additional bonds ranking on a parity with the Bond, as provided in the Bond Resolution.

JACKSON & KELLY

Farmers Home Administration
Public Service Board
August 3, 1989
Page 3

5. Under the Act, the Bond is exempt from all taxation by the State of West Virginia and the other taxing bodies of the State. Under the statutes of the State of West Virginia and official interpretation thereof, the interest on the Bond is exempt from taxation by the State of West Virginia levied directly thereon.

6. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bond (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations; provided, however, that, in accordance with Section 309 A(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929 a (h)), if the Bond is acquired by the federal government and sold on an insured basis from the Rural Development Insurance Fund, the interest on the Bond will be included in gross income for the purposes of federal income tax statutes. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth above are subject to the condition that the District comply, on a continuing basis, with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bond set forth in the Bond Resolution and the certificate relating to arbitrage. Failure to comply with such certifications, covenants and representations could cause the interest on the Bond to be includable in gross income retroactive to the date of issuance of the Bond.

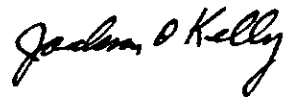
Please be advised that the enforceability of rights or remedies with respect to the Bond and the Bond Resolution may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights or remedies heretofore or hereafter enacted and by the availability of specific performance or similar equitable remedies and the exercise of judicial discretion.

JACKSON & KELLY

Farmers Home Administration
Public Service Board
August 3, 1989
Page 4

We have examined executed and authenticated Bond No. R-1, and, in our opinion, the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jackson & Kelly", written in dark ink.

JACKSON & KELLY
ATTORNEYS AT LAW

1600 LAIDLEY TOWER
P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

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TELEPHONE 606-255-9500

SUITE 101
202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

August 3, 1989

Public Service Board
Warm Springs Public Service District
Berkeley Springs, West Virginia 25411

Re: \$300,000 Warm Springs Public Service
District Sewer Revenue Bond, Series 1989

Gentlemen:

We have examined a record of proceedings relating to the issuance of the Warm Springs Public Service District Sewer Revenue Bond, Series 1989 (the "Bond"), in the principal amount of \$300,000, of the Warm Springs Public Service District (the "District"), a political subdivision organized and existing under the laws of the State of West Virginia, and a Certificate as to Non-Arbitrage executed by Earle T. Andrews, Chairman of the District on this date. In the Certificate as to Non-Arbitrage, the District represented that the proceeds of the issuance of the Bond will not be used in a manner that would cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code").

We are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Non-Arbitrage are sufficient to satisfy the requirements of Section 148 of the Code to support the conclusion that the Bond is not an "arbitrage bond" as therein defined. No matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

Accordingly, it is our opinion that, under existing statutes and court decisions, the Bond is not an "arbitrage bond" as so defined. It is our further opinion, based upon such Certificate as to Non-Arbitrage, that the proceeds of the

JACKSON & KELLY

Public Service Board
August 3, 1989
Page 2

Bond are not subject to the arbitrage rebate requirement set forth in Section 148(f) of the Code. We express no opinion herein as to the taxability of the interest on the Bond in the event of the failure to comply with the other requirements and restrictions of Section 148 of the Code or any regulations promulgated thereunder or under any predecessor thereto.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jackson & Kelly", is written below the typed name.

MARTIN & SEIBERT
ATTORNEYS AT LAW
P.O. Box 1286
119 S. College Street
MARTINSBURG, WEST VIRGINIA 25401

Clarence E. Martin (1880-1955)
Cleveland M. Seibert (1884-1936)
Morgan V. Martin (1907-1963)
Clarence E. Martin, Jr.
Charles H. Bean
Clarence E. Martin, III (WV, MD & DC Bar)
Walter M. Jones, III (WV & DC Bar)
Susan Stuckey Snowden
Wm. Douglas Taylor
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August 3, 1989

Farmers Home Administration
400 Davis Avenue
Elkins, West Virginia 26241

Jackson and Kelly
P. O. Box 553
Charleston, WV 25322

Re: **\$300,000 Warm Springs Public Service
District Sewer Revenue Bond, Series 1989**

Gentlemen:

We are Counsel to the Warm Springs Public Service District (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Jackson and Kelly, as bond counsel, relating to the above-captioned bonds, and accepted by the Issuer, dated August 3, 1989, a Bond Resolution adopted by the Issuer on August 3, 1989, as supplemented by a Supplemental Resolution adopted August 3, 1989 (collectively, the "Resolution") and other documents relating to the above-captioned Bonds of the Issuer. Terms used in said opinions and Resolution and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The members of the Public Service Board were duly and properly appointed and are thereby authorized to act on behalf of the Issuer.

Farmers Home Administration
Jackson & Kelly
August 3, 1989
Page Two

2. The Resolution has been duly adopted by the Issuer and is in full force and effect.

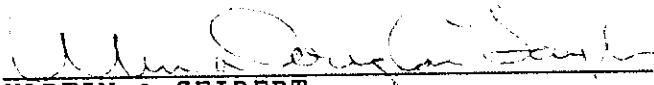
3. The Issuer has received a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia and said certificate is in full force and effect and the time for appeal therefrom has expired without successful appeal.

4. The Issuer has received all the necessary permits, licenses, approvals and authorizations that are presently obtainable to construct the Project.

5. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bond or the collection or pledge of the net revenues.

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

Very truly yours,


MARTIN & SEIBERT
Attorneys for Warm Springs Public
Service District

WDT:d11

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T.D. KAUFFELT
JAMES D. KAUFFELT
MARK E. KAUFFELT

AREA CODE 304
345-1272

July 31, 1989

Warm Springs Public Service District
P. O. Box 456
Berkeley Springs, West Virginia 25411

Farmers Home Administration
400 Davis Avenue
Elkins, West Virginia 26241

Jackson and Kelly
P. O. Box 553
Charleston, West Virginia 25322

Re: \$300,000 Warm Springs Public Service District,
Sewer Revenue Bond, Series 1989

Gentlemen:

I have served as special counsel to the Warm Springs Public Service District (the "Issuer") in regard to certain matters concerning the Public Service Commission of West Virginia. In my role as special counsel, I was active in obtaining the Issuer's Certificate of Convenience and Necessity and approval of financing and rates granted by Orders on May 5, 1989, May 31, 1989, June 2, 1989 and June 7, 1989. Pursuant to the above-noted documents, I am of the opinion as follows:

The Issuer has recieved a Certificate of Convenience and Necessity and approval of financing, including the above-referenced Bond and rates from the Public Service commission of West Virginia and the above-referenced orders are in full force and effect and the appeal period has expired therefrom.

This opinion may be relied upon as if addressed to all counsel.

Very truly yours,



Kauffelt & Kauffelt
Special Counsel for Public
Service Commission matters