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*Opequon Public Service District
Water Revenue Bonds, Series 1997
(West Virginia Infrastructure Fund)*

OPEQUON P.S.D.

Date of Closing: June 25, 1997

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	BOARD	
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**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

DATE OF CLOSING: June 25, 1997

BOND TRANSCRIPT

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2. Supplemental Resolution
3. Loan Agreement
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6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Series 1997 Bond

OPINIONS OF COUNSEL:

9. Approving Opinion on Series 1997 Bonds of Bowles Rice McDavid
Graff & Love, P.L.L.C., Bond Counsel
10. Opinion of Hoy G. Shingleton, Jr., Esq., as Counsel to Issuer

CERTIFICATES:

11. General Certificate of Issuer and Attorney
12. Certificate of Consulting Engineer
13. Certificate Designating Authorized Signatories for Consulting
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14. Certificate of Certified Public Accountant

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**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

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**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE OPEQUON PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE OPEQUON PUBLIC SERVICE DISTRICT OF NOT MORE THAN THREE MILLION THREE HUNDRED THIRTY-NINE THOUSAND NINETY DOLLARS (\$3,339,090.00) IN AGGREGATE PRINCIPAL AMOUNT OF OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF OPEQUON PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Opequon Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Berkeley County of said State.

B. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements to the Issuer's existing public waterworks system, including the additions, betterments and improvements described in Exhibit A hereto (collectively, the "Project") (the Issuer's existing waterworks system, the Project and any further additions thereto or extensions thereof is herein called the "System") in accordance with the plans and specifications prepared by Acer Engineers & Consultants, Inc., Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is also deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that the Bond Anticipation Notes, as hereinafter defined, currently outstanding in the approximate amount of \$35,000, together with all interest accrued thereon, be repaid with a portion of the proceeds of the water revenue bonds authorized herein and that there be paid from a portion of the proceeds of such water revenue bonds the remaining costs of certain prior extensions, additions, betterments and improvements to the Issuer's existing waterworks system in an amount not to exceed \$295,000, such prior extensions, additions, betterments and improvements being more particularly described in Exhibit B hereto (collectively, the "Prior Project").

D. The Issuer currently has outstanding its Water Revenue Bonds, Series 1993 (the "Prior Bonds") issued in the original principal amount of \$10,257,957, authorized pursuant to the Bond Resolution adopted by the Issuer on July 28, 1993, as supplemented and amended (the "Prior Resolution").

E. The Issuer 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.

F. The estimated maximum cost of the construction and acquisition of the Project, the payment and refunding of the Bond Anticipation Notes, as hereinafter defined, the payment of the remaining costs of the Prior Project and issuance of the Series 1997 Bonds, as hereinafter defined, is \$3,339,090, which will be permanently financed with the proceeds of the Issuer's Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund) (the "Series 1997 Bonds") authorized herein.

G. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Series 1997 Bonds and the Prior

Bonds, and all sinking funds, reserve accounts and other payments provided for herein and in the Prior Resolution.

H. It is further deemed necessary for the Issuer to issue the Series 1997 Bonds in the total aggregate principal amount of not more than \$3,339,090, initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project, the payment of the Bond Anticipation Notes, as hereinafter defined, the payment of such remaining costs of the Prior Project and the costs of issuing the Series 1997 Bonds. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon such Series 1997 Bonds, if any, prior to and during construction and acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 1997 Bonds Reserve Account, as hereinafter defined; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of such Series 1997 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of such Series 1997 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

I. The period of usefulness of the System after completion of the Project is not less than 21 years.

J. It is in the best interest of the Issuer that its Series 1997 Bonds be issued and sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the Council (as hereinafter defined) the execution, delivery and form of which are authorized and approved herein. The Issuer has met the requirements of the Prior Resolution for the issuance of the Series 1997 Bonds on a parity with the Prior Bonds and has received, or will receive prior to the bond closing date, written consent from the owner of the Prior Bonds to issue the Series 1997 Bonds on a parity with the lien of the Prior Bonds.

K. There are outstanding obligations of the Issuer which will rank on parity with the Series 1997 Bonds as to liens and sources of and security for payment, which obligations are designated and have the lien positions, together with the Series 1997 Bonds, as follows:

Designation

Lien Position

Water Revenue Bond,
Series 1993 (issued on
July 29, 1993 in the
original principal
amount of \$10,257,957)

First Lien

Water Revenue Bonds,
Series 1997

First Lien

There are no outstanding obligations of the Issuer other than the Prior Bonds which will rank either senior and prior to or on parity with the Series 1997 Bonds as to liens and sources of and security for payment.

L. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System, the payment of the Bond Anticipation Notes, as hereinafter defined, the payment of such remaining costs of the Prior Project, and issuance of the Series 1997 Bonds or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Public Convenience and Necessity, and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which has expired prior to the issuance of the Series 1997 Bonds or has been waived by all necessary parties.

M. The Project has been reviewed and determined to be technically and financially feasible by the Council (as hereinafter defined) as required under the Act, and the Council has authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

N. The proceeds of the Bond Anticipation Notes were previously expended in the amount of approximately \$35,000 to finance temporarily the costs of a 12-inch main approximately 565 feet in length to connect the facilities of Quad/Graphics, Inc. to the System.

O. The Prior Project is substantially complete and the Issuer estimates that the remaining proceeds of the Prior Bonds together with up to \$295,000 of the proceeds of the Series 1997 Bonds will be sufficient to pay all remaining costs of the Prior Project.

P. The Issuer is not in default with respect to the Prior Resolution and all payments required under the Prior Resolution have been made in a timely manner.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1997 Bonds by those who shall be the registered owners of the same from time to time,

this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1997 Bonds, as the case may be, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia of 1931, as amended and in effect on the date of adoption of this Resolution.

"Authority" means the West Virginia Water Development Authority, or any other agency of the State of West Virginia that succeeds to the functions of the Authority, which is expected to be the original purchaser and Registered Owner of the Series 1997 Bonds, acting in its administrative capacity and upon authorization from the Council under the Act.

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

"Bond Anticipation Notes" means the Issuer's Waterworks System Bond Anticipation Notes, Series 1996, dated August 9, 1996, issued in the original aggregate principal amount of \$330,000, of which approximately \$35,000 is currently Outstanding.

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

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

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

"Bonds" means the Series 1997 Bonds and, where appropriate, any Bonds on a parity therewith subsequently issued hereunder or pursuant to another resolution of the Issuer.

"Certificate of Authentication and Registration" means the certificate of authentication and registration on the Series 1997 Bonds in substantially the form set forth in the bond form contained herein.

"Chairman" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly appointed by the Governing Body.

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

"Consulting Engineers" means Acer Engineers & Consultants, Inc., or any professional engineer or firm of professional engineers, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions, that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of the FDIC.

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

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

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

"Governing Body" or "Board" means the public service board of the Issuer, as it may now or hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

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

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

"Independent Certified Public Accountants" shall mean any public accountant or certified public accountant or firm of public accountants or certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means Opequon Public Service District, a public service district and a public corporation and political subdivision of the State of West Virginia, in Berkeley County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement entered into or to be entered into by and between the Authority, on behalf of the Council, and the Issuer providing for the purchase of the Series 1997 Bonds from the Issuer by the Authority, attached hereto as Exhibit C, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent (all as herein defined), 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 premium, if any, or interest on the Bonds or Prior Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established by the Prior Resolution and continued by Section 5.01 hereof.

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

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

"Paying Agent" means the West Virginia Municipal Bond Commission, or such entity or authority as may be designated by the Issuer in a Supplemental Resolution.

"Prior Bonds" means the Issuer's Water Revenue Bonds, Series 1993, dated July 29, 1993, issued in the original principal amount of \$10,257,957.

"Prior Bonds Reserve Account" means the Series 1993 Bonds Reserve Account established for the Prior Bonds in the Prior Resolution.

"Prior Bonds Sinking Fund" means the Series 1993 Bonds Sinking Fund established for the Prior Bonds in the Prior Resolution.

"Prior Project" means the extensions, additions, betterments and improvements to the Issuer's existing waterworks system described in Exhibit B hereto.

"Prior Resolution" means the Bond Resolution adopted by the Issuer on July 28, 1993, authorizing, among other things, the issuance of the Prior Bonds, as supplemented and amended.

"Project" means the waterworks system project described in Exhibit A attached hereto, constituting additions, betterments and improvements to the existing waterworks system of the Issuer.

"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 Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government

National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

E. Money market funds or similar funds whose only assets are investments of the type described in paragraphs (A) through (D) above;

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

G. The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

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

"Registrar" means the Bond Registrar.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolution and continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the Prior Bonds Reserve Account and the Series 1997 Bonds Reserve Account.

"Revenue Fund" means the Revenue Fund established by the Prior Resolution and continued by Section 5.01 hereof.

"Secretary" means the Secretary of the Governing Body of the Issuer.

"Series 1997 Bonds" means the not more than \$3,339,090 aggregate principal amount of Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund) of the Issuer, authorized by this Resolution.

"Series 1997 Bonds Construction Trust Fund" means the Series 1997 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1997 Bonds Reserve Account" means the Series 1997 Bonds Reserve Account established in the Series 1997 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1997 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 1997 Bonds in the then current or any succeeding year.

"Series 1997 Bonds Sinking Fund" means the Series 1997 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the Prior Bonds Sinking Fund and the Series 1997 Bonds Sinking Fund.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 1997 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1997 Bonds; and not so included may be included in another Supplemental Resolution.

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

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

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

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

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT, PAYMENT OF BOND ANTICIPATION NOTES AND PAYMENT OF REMAINING COSTS OF PRIOR PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project, Payment of Bond Anticipation Notes and Payment of Remaining Costs of Prior Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$3,009,090, which includes costs of issuing the Series 1997 Bonds in the amount of \$15,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. There is also hereby authorized the payment of the Bond Anticipation Notes, including any interest accrued thereon, currently Outstanding in the approximately amount of \$35,000 and the payment of the remaining costs of the Prior Project in an amount not to exceed \$295,000. The proceeds of the Series 1997 Bonds hereby authorized shall be applied as provided in Article VI hereof.

The Issuer has received bids or entered into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council. The Issuer has entered into a contract for the acquisition and construction of the Project.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1997 Bonds, funding a reserve account for the Series 1997 Bonds, paying Costs of the Project not otherwise provided for, paying the Bond Anticipation Notes, paying the remaining costs of the Prior Project in an amount not to exceed \$295,000, and paying certain costs of issuance of the Series 1997 Bonds, and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued negotiable Series 1997 Bonds of the Issuer. Said Series 1997 Bonds shall be issued in one series to be designated "Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund)," in the aggregate principal amount of not more than \$3,339,090, and shall have such terms as set forth herein and in the Supplemental Resolution. The proceeds of such Series 1997 Bonds remaining after the funding of the Series 1997 Reserve Account (if funded from proceeds of such Series 1997 Bonds), payment of the Bond Anticipation Notes and capitalization of interest, if any, shall be deposited in or credited to the Series 1997 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1997 Bonds shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1997 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1997 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1997 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1997 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1997 Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, substantially corresponding to the principal installments or maturities of the Bonds being exchanged; provided that, the net interest cost amount on the exchanged Bonds shall not exceed the net interest cost amount on the Bonds being exchanged; and provided further, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 1997 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Series 1997 Bonds shall cease to be such officer of the Issuer before the Series 1997 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1997 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1997 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1997 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1997 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Series 1997 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 1997 Bonds remain Outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain the books for the registration and transfer of the Series 1997 Bonds.

The registered Series 1997 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing,

upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1997 Bonds or transferring the registered Series 1997 Bonds are exercised, Series 1997 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1997 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 1997 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1997 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1997 Bonds or, in the case of any proposed redemption of Series 1997 Bonds, next preceding the date of the selection of Series 1997 Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1997 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1997 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1997 Bonds Reserve Account. No holder or holders of any of the Series 1997 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1997 Bonds or the interest, if any, thereon. The Issuer has no taxing power.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position With Respect to Prior Bonds. The payment of the debt service of all the Series 1997 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the

Prior Bonds and the Series 1997 Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein, and the Renewal and Replacement Fund established in the Prior Resolution and continued herein, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 1997 Bonds and the Prior Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1997 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1997 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1997 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1997 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1997 Bonds.

Section 3.10. Form of Series 1997 Bonds. The text of the Series 1997 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof;

[Form of Series 1997 Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That OPEQUON PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing on _____, _____, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference, without interest, except that the final installment shall be paid on December 1, 2017 in the sum of the unpaid principal on the date thereof.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may only be redeemed prior to its stated date of maturity in whole or in part with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, on behalf of the Council, dated _____, 19____, provided, however, this Bond is subject to mandatory redemption at the times, in the amounts and in the manner as follows:

This Bond shall also be subject to mandatory redemption commencing on December 1, 1998, and on the first day of each December thereafter so long as any of this Bond remains Outstanding in the amounts as follows:

On the date of issuance of this Bond, the Issuer shall certify to the Authority and the Council the names and addresses of all customers receiving water service as of such date from the recently constructed 12-inch main approximately 565 feet in length connecting the facilities of

Quad/Graphics, Inc. to the System (the "Quad/Graphics Extension"). Simultaneously with the issuance of the Completion Certificate by the Consulting Engineer in accordance with Section 6.01F of the Bond Legislation, the Issuer shall certify to the Authority and the Council the names and addresses of all new customers (i.e., new customers of the System that were not customers of the System on June 25, 1997) receiving water service directly from (i) the Quad/Graphics Extension, (ii) the extension constituting the Project, (iii) any extension receiving its water through either (i) or (ii) ((i), (ii) and (iii) are collectively referred to herein as the "Extensions") and (iv) any customers located in the Berkeley County Industrial Park at Cumbo Yard ("Cumbo Yard") other than Quad/Graphics, Inc. as of that date (collectively, the "Base Customer List"), provided, however, except as noted in (iv) above, in no event shall customers be included on the Base Customer List that are connected to the System beyond the terminus of the Project nor shall Quad/Graphics, Inc. be included in the Base Customer List. As part of the Issuer's annual audit, the Issuer shall require the Independent Certified Public Accountants to provide certification as of June 30 of each Fiscal Year, based on the audit, the Base Customer List and the new customers of the Extensions or in Cumbo Yard, of the prepayment amount. The prepayment calculation shall be as follows:

The sum of:

- (a) The number of gallons of water purchased from the Issuer in such Fiscal Year by Quad/Graphics, Inc. in excess of 50,000 gallons per day, calculated on a monthly basis;
- (b) The number of gallons of water purchased from the Issuer in such Fiscal Year by customers located in Cumbo Yard other than Quad/Graphics, Inc.; and
- (c) The number of gallons of water purchased from the Issuer in such Fiscal Year by customers receiving water service directly from the Extensions that (i) are on the Base Customer List, (ii) have assumed the water service of customers on the Base Customer List; or (iii) are new customers of the System that connected to the Extensions after the date of completion of the Project, provided, however, in no event shall there be included in such amount water purchased by customers connected to the System beyond the terminus of the Project;

multiplied by the debt service component of \$.00157.

For the purposes of this calculation no customer shall be counted more than once.

If the calculated amount is less than \$500, no prepayment is required. If the calculated amount is equal to or exceeds \$500, such payment shall be remitted to the Paying Agent on the November 1st following the end of the Fiscal Year. The Issuer shall provide notice to the Paying Agent, the Authority and the Council of the prepayment amount along with the audit and certification from the Independent Certified Public Accountants not less than 15 days prior to the prepayment date. The Paying Agent shall remit such prepayment amount to the Authority on behalf of the Council on the following December 1st.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay the Waterworks System Bond Anticipation Notes, Series 1996 of the Issuer; (iii) to pay certain remaining costs of the Prior Project, as defined in the Bond Legislation described below; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on _____, 19____ and a Supplemental Resolution duly adopted by the Issuer on _____, 19____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE WATER REVENUE BONDS, SERIES 1993, OF THE ISSUER, ISSUED JULY 29, 1993, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$10,257,957 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation), on a parity with the pledge of the Net Revenues in favor of the holders of the Prior Bonds, to be derived from the operation of the System, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1997 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1997 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1997 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding prior to or on a parity with the Bonds, including the Prior Bonds, an

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

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project, the payment of the Waterworks System Bond Anticipation Notes, Series 1996, and the payment of the remaining costs of the Prior Project, all as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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 the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, OPEQUON PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 19____.

OPEQUON PUBLIC SERVICE DISTRICT

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____,

as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

Total \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, 19____.

In the presence of:

Section 3.11. Sale of Series 1997 Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1997 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit C" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Series 1997 Bonds are Issued as Parity Bonds With Respect to Prior Bonds. The Series 1997 Bonds are issued as and shall constitute parity Bonds with respect to the Prior Bonds. The Issuer has met the requirements of the Prior Resolution for the issuance of the Series 1997 Bonds on a parity with the Prior Bonds.

Section 3.13. "Amended Schedule A" Filing. Within sixty (60) days following the completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]



ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- A. Revenue Fund (created by the Prior Resolution);
- B. Operation and Maintenance Fund (created by the Prior Resolution);
- C. Renewal and Replacement Fund (created by the Prior Resolution); and
- D. Series 1997 Bonds Construction Trust Fund.

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

- A. Series 1993 Bonds Sinking Fund (established by the Prior Resolution);
- B. Within the Series 1993 Bonds Sinking Fund, the Series 1993 Bonds Reserve Account (established by the Prior Resolution);
- C. Series 1997 Bonds Sinking Fund; and
- D. Within the Series 1997 Bonds Sinking Fund, the Series 1997 Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

1. The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay current Operating Expenses.

2. The Issuer shall next (i) on the first day of each month, transfer from the Revenue Fund and pay the amounts required by the Prior Resolution to be deposited in the Prior Bonds Sinking Fund for payment of principal and interest on the Prior Bonds, and simultaneously (ii) on the first day of each month, commencing 3 months prior to the first date of payment of principal on the Series 1997 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1997 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 1997 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; provided that, if insufficient funds are available in the Revenue Fund to make all of the payments listed above, the Issuer shall make the payments pro rata.

3. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amounts required by the Prior Resolution to be deposited in the Prior Bonds Reserve Account, and (ii) commencing 3 months prior to the first date of principal of the Series 1997 Bonds, if not fully funded upon the issuance of the Series 1997 Bonds, remit to the Commission for deposit in the Series 1997 Bonds Reserve Account, an amount equal to 1/120th of the Series 1997 Bonds Reserve Requirement; provided that no further payments shall be made into the Series 1997 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1997 Bonds Reserve Requirement.

4. The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, as previously set forth in the Prior Resolution and not in addition thereto, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any reserve account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1997 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1997 Bonds as the same shall become due. Moneys in the Series 1997 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1997 Bonds, as the same shall come due, when other moneys in the Series 1997 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1997 Bonds Sinking Fund and Series 1997 Bonds Reserve Account (if equal to or at least the Series 1997 Bonds Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 1997 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 1997 Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1997 Bonds Reserve Account which result in a reduction in the balance of the Series 1997 Bonds Reserve Account to below the Series 1997 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full to the Prior Bonds Sinking Fund and the Series 1997 Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Series 1997 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in a amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1997 Bonds Sinking Fund, or into the Series 1997 Reserve Account therein, when the aggregate amount of funds are at least equal to the aggregate principal amount of the Series 1997 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

Principal, interest and reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 1997 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1997 Bonds Sinking Fund and the Series 1997 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Series 1997 Bonds Sinking Fund and the Series 1997 Bonds Reserve Account shall be made on the first day of each month, except that when the first day of any month shall be a Saturday, Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Series 1997 Bonds Sinking Fund and the Series 1997 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1997 Bonds Sinking Fund, including the Series 1997 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1997 Bonds under the conditions and restrictions hereinafter set forth.

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

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

F. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Series 1997 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1997 Bonds, there shall first be deposited with the Commission in the Series 1997 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1997 Bonds for the period commencing on the date of issuance of the Series 1997 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1997 Bonds, there shall be deposited with the Commission in the Series 1997 Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 1997 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1997 Bonds, there shall be paid to the Holder of the Bond Anticipation Notes the amount necessary to pay the Bond Anticipation Notes in full, including any accrued interest thereon.

D. Next, from the proceeds of the Series 1997 Bonds, there shall first be credited to the Series 1997 Bonds Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, together with interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1997 Bonds, such moneys shall be deposited with the Depository Bank in the Series 1997 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project and the remaining costs of the Prior Project in the manner set forth in Section 6.02.

F. After completion of construction of the Project, as certified by the Consulting Engineers, and all Costs and remaining costs of the Prior Project (not to exceed \$295,000 from the proceeds of the Series 1997 Bonds with respect to the Prior Project) have been paid, any remaining proceeds of the Series 1997 Bonds shall be used as directed in writing by the Authority and the Council.

G. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 1997 Bonds Construction Trust Fund and shall comply with all

requirements with respect to the disposition of the Series 1997 Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 1997 Bonds Construction Trust Fund shall be used solely to pay Costs of the Project and the remaining costs of the Prior Project and until so transferred or expended, are hereby pledged as additional security for the Series 1997 Bonds.

Section 6.02. Disbursements From the Series 1997 Bonds Construction Trust Fund. The Issuer shall each month provide the Council and the Authority with a requisition for the Costs incurred for the Project, together with such documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1997 Bonds Construction Trust Fund (except for the costs of issuance of the Series 1997 Bonds and the remaining costs of the Prior Project in an amount not to exceed \$295,000 in the aggregate, each of which shall be paid upon request of the Issuer accompanied by such documentation as the Council may reasonably request) shall be made only after submission to Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

All payments made from the Series 1997 Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 1997 Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Series 1997 Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Series 1997 Bonds Construction Trust Fund as directed in writing by the Authority and the Council.



ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1997 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1997 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Series 1997 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Series 1997 Bonds not to be Indebtedness of the Issuer. The Series 1997 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any of the Series 1997 Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest, if any, thereon.

Section 7.03. Series 1997 Bonds Secured by Pledge of Net Revenues; Lien Position With Respect to Prior Bonds. The payment of the debt service of the Series 1997 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation and the Prior Resolution are hereby irrevocably pledged, in the manner provided herein, to such payments as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System, a copy of which is attached hereto as Exhibit D, shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered May 22, 1997, which Recommended Decision became the Final Order of the Public Service Commission of West Virginia on June 4, 1997, pursuant to the Commission Order of the PSC entered May 30, 1997, in Case No. 96-0478-PWD-CN, and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 1997 Bonds are Outstanding

and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Prior Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds and Prior Bonds, immediately be remitted to the Commission for deposit in the respective sinking funds pro rata, with respect to the principal amount of each of the Bonds and Prior Bonds then Outstanding, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds and Prior Bonds in such manner. Any balance remaining after the payment of all the Bonds and Prior Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority and the Counsel, be remitted by the Issuer to the Commission for deposit, pro rata based upon the respective principal amounts of the Prior Bonds and Series 1997 Bonds then Outstanding (i) into the Prior Bonds Sinking Fund and shall be applied to the purchase of Prior Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value, and (ii) into the Series 1997 Bonds Sinking Fund and shall be applied to the purchase of Series 1997 Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds into the Renewal and Replacement Fund or the Sinking Funds shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation or the Prior Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the

same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds and Prior Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds and Prior Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds and Prior Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1997 Bonds. All obligations issued by the Issuer after the issuance of the Series 1997 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1997 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein at the time of the issuance of such subordinate obligations have been made and are current. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1997 Bonds, and the interest thereon, if any, upon any of the income and revenues of the System pledged for payment of the Series 1997 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as any of the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1997 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1997 Bonds, and must have the prior written consent of the Authority and the Council.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of the Prior Bonds and/or the Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants,

based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Prior Bonds and the Series 1997 Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the said Independent Certified Public Accountants on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

All Parity Bonds shall mature on the day of the years of maturities, and the interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 1997 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1997 Bonds.

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

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

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

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

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

institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

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

- A. A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation with respect to said Bonds and the status of all said funds and accounts.
- C. The amount of any Prior Bonds and Bonds or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation, and that the Issuer's revenues are adequate to meet its operation and maintenance expenses and debt service and reserve requirements.

The Issuer shall permit the Authority, or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority, or its agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to

time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1997 Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1997 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 1997 Bonds Reserve Account and reserve accounts for obligations prior to or on a parity with the Series 1997 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1997 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1997 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate schedule described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. The Issuer, by the unanimous consent and approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. If the budget is so amended, a copy of the amended budget shall be submitted to the Authority within 15 days of the adoption of such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month

complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy of such report to the Authority by the 15th day of each month.

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

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

The Issuer agrees that qualified operating personnel properly certified by the State will be employed to operate the System so long as the Bonds are Outstanding.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of

charges for the services of the System and will not restore such services of the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the Council, so long as the Authority is the Owner of the Series 1997 Bonds. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority and Council and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

Section 7.16. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all Federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.17. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1997 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1997 Bonds and shall be for the equal benefit of all Holders of the Series 1997 Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.18. Compliance With Loan Agreement and Law. The Issuer agrees to comply with all terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with all copies submitted to the Authority.

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

Section 7.19. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

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

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1997 Bonds:

- A. If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 1997 Bonds; or
- B. If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1997 Bonds, set forth in this Bond Legislation, any supplemental resolution or in the Series 1997 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or
- C. If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- D. If default occurs with respect to the Prior Bonds or the Prior Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Holders of the Bonds, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that all rights and remedies of the Holders of the Series 1997 Bonds shall be on a parity with the Holders of the Prior Bonds.

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

fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds, the Prior Bonds and interest and the deposits into the funds and accounts hereby established or established in the Prior Resolution, and to apply such rates, rentals, fees, charges or other avenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1997 Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1997 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1997 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1997 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 with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1997 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1997 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 with the Commission or its agent, 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 other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1997 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission 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 installments of and interest on said Series 1997 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, 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 installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 1997 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1997 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Series 1997 Bonds shall be made without the consent in writing of the Holders of 66-2/3% or more in principal amount of the Series 1997 Bonds so affected and then Outstanding; provided, 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 Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Holders of the Series 1997 Bonds and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 1997 Bonds.

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

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

- A. The respective maximum amounts of the Series 1997 Bonds to be issued.
- B. The respective maximum interest rates and terms of the Series 1997 Bonds originally authorized hereby.
- C. The public service properties to be acquired or constructed and the cost of the same.
- D. The maximum anticipated rates which will be charged by the Issuer.
- E. The date that the formal application for a Certificate of convenience and Necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 25th day of June, 1997.



Chairman, Public Service Board



Member, Public Service Board

Exhibit A

DESCRIPTION OF PROJECT

The acquisition and construction of certain additions, betterments and improvements to the Issuer's existing public waterworks system, in Berkeley County, West Virginia, consisting of approximately 24,000 feet of 24-inch transmission main leading from the Issuer's recently constructed Potomac River water production facility to an existing 12-inch transmission main on the west side of Interstate 81.

Exhibit B

DESCRIPTION OF PRIOR PROJECT

The acquisition of an existing water intake facility on the Potomac River near the area known as Falling Waters, Berkeley County, West Virginia, enlargement of the water intake facility, construction of a new water treatment and storage facility by the Issuer near Falling Waters, construction of water storage facilities near Martinsburg, Berkeley County, West Virginia and near the area known as Marlowe, Berkeley County, West Virginia, together with all appurtenant facilities, which Prior Project was approved by, and is more particularly described in, the Bond Resolution adopted by the Public Service Board of the Issuer on July 28, 1993.

Exhibit C

LOAN AGREEMENT

[See Transcript Document No. 3]

Exhibit D

SCHEDULE OF RATES AND CHARGES

OPEQUON PUBLIC SERVICE DISTRICT
APPROVED RATES AND CHARGES
CASE NO. 96-0478-PWD-CN

APPLICABILITY

Applicable within entire territory served.

AVAILABILITY

Available for general domestic and commercial service.

RATES

Per 1,000 Gallons Used

First 5,000 gallons used per month	\$6.03
All over 5,000 gallons used per month	\$4.53

AVAILABILITY

Available for general industrial service.

RATES

\$3.21 per 1,000 gallons used per month.

MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

5/8 inch meter	\$ 18.09 per month
1 inch meter	\$ 45.23 per month
1 1/2 inch meter	\$ 90.45 per month
2 inch meter	\$144.72 per month
3 inch meter	\$271.35 per month
4 inch meter	\$452.25 per month
6 inch meter	\$904.50 per month

SERVICE CONNECTION CHARGE

\$300.00

RECONNECTION CHARGE

\$20.00

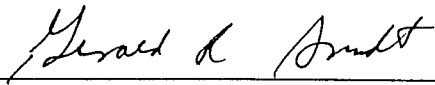
DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount shown. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of OPEQUON PUBLIC SERVICE DISTRICT on the 25th day of June, 1996.

Dated: June 25, 1997



Secretary, Public Service District

[SEAL]

CHS/98964

**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, INTEREST RATE, DATE, MATURITY, REDEMPTION PROVISIONS, PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND) OF OPEQUON PUBLIC SERVICE DISTRICT; AUTHORIZING , RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A BOND REGISTRAR, DEPOSITORY BANK AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Opequon Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution, effective June 25, 1997, (the "Bond Resolution") entitled:

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE OPEQUON PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE OPEQUON PUBLIC SERVICE DISTRICT OF NOT MORE THAN THREE MILLION THREE HUNDRED THIRTY-NINE THOUSAND NINETY DOLLARS (\$3,339,090.00) IN AGGREGATE PRINCIPAL AMOUNT OF OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS

DEVELOPMENT COUNCIL RELATING TO SUCH BONDS;
AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS
AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER
PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein.

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund) of the Issuer (the "Series 1997 Bonds"), in an aggregate principal amount not to exceed \$3,339,090, and has authorized the execution and delivery of a loan agreement relating to such Bonds dated June 25, 1997 (sometimes referred to herein as the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and exact principal amount, date, maturity date, interest rate, interest and principal payment dates, redemption provisions, sale price and other terms of the Series 1997 Bonds should be established by a supplemental resolution pertaining to the Series 1997 Bonds; and that other matters relating to the Series 1997 Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 1997 Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be ratified, approved and entered into by the Issuer, that the exact principal amount, the price, the maturity date, the redemption provisions, the interest rate and the interest and principal payment dates of the Series 1997 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 1997 Bonds be herein provided for.

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

Section 1. A. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund) of the Issuer, originally represented by a single bond, numbered R-1, in the principal amount of \$3,339,090. The Series 1997 Bonds shall be dated the date of delivery thereof, shall finally mature on December 1, 2017, and shall bear no interest. The principal of the Series 1997 Bonds shall be payable in quarterly installments of

principal on March 1, June 1, September 1 and December 1 of each year commencing December 1, 1997 and ending December 1, 2017, and in the amounts set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made part of the Series 1997 Bonds. The Series 1997 Bonds shall be subject to redemption upon the consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be registered owner of the Series 1997 Bonds.

B. The Series 1997 Bonds shall also be subject to mandatory redemption as provided in this Section 1.B. commencing on December 1, 1998, and on the first day of each December thereafter so long as any of the Series 1997 Bonds remain Outstanding in the amounts as follows:

On the date of issuance of the Series 1997 Bonds, the Issuer shall certify to the Authority and the Council the names and addresses of all customers receiving water service as of such date from the recently constructed 12-inch main approximately 565 feet in length connecting the facilities of Quad/Graphics, Inc. to the System (the "Quad/Graphics Extension"). Simultaneously with the issuance of the Completion Certificate by the Consulting Engineer in accordance with Section 6.01F of the Bond Resolution, the Issuer shall certify to the Authority and the Council the names and addresses of all new customers (i.e., new customers of the System that were not customers of the System on June 25, 1997) receiving water service directly from (i) the Quad/Graphics Extension, (ii) the extension constituting the Project, (iii) any extension receiving its water through either (i) or (ii) ((i), (ii) and (iii) are collectively referred to herein as the "Extensions") and (iv) any customers located in the Berkeley County Industrial Park at Cumbo Yard ("Cumbo Yard") other than Quad/Graphics, Inc. as of that date (collectively, the "Base Customer List"), provided, however, except as noted in (iv) above, in no event shall customers be included on the Base Customer List that are connected to the System beyond the terminus of the Project nor shall Quad/Graphics, Inc. be included in the Base Customer List. As part of the Issuer's annual audit, the Issuer shall require the Independent Certified Public Accountants to provide certification as of June 30 of each Fiscal Year, based on the audit, the Base Customer List and the new customers of the Extensions or in Cumbo Yard, of the prepayment amount. The prepayment calculation shall be as follows:

The sum of:

- (a) The number of gallons of water purchased from the Issuer in such Fiscal Year by Quad/Graphics, Inc. in excess of 50,000 gallons per day, calculated on a monthly basis;
- (b) The number of gallons of water purchased from the Issuer in such Fiscal Year by customers located in Cumbo Yard other than Quad/Graphics, Inc.; and
- (c) The number of gallons of water purchased from the Issuer in such Fiscal Year by customers receiving water service directly from the Extensions that (i) are on the Base Customer List, (ii) have assumed the water service of customers on the Base Customer List; or (iii) are new

customers of the System that connected to the Extensions after the date of completion of the Project, provided, however, in no event shall there be included in such amount water purchased by customers connected to the System beyond the terminus of the Project;

multiplied by the debt service component of \$.00157.

For the purposes of this calculation no customer shall be counted more than once.

If the calculated amount is less than \$500, no prepayment is required. If the calculated amount is equal to or exceeds \$500, such payment shall be remitted to the Commission on the November 1st following the end of the Fiscal Year. The Issuer shall provide notice to the Commission, the Authority and the Council of the prepayment amount along with the audit and certification from the Independent Certified Public Accountants not less than 15 days prior to the prepayment date. The Commission shall remit such prepayment amount to the Authority on behalf of the Council on the following December 1st.

Section 2. All other provisions relating to the Series 1997 Bonds and the text of the Series 1997 Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, ratified, approved and directed. The price of the Series 1997 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that, the proceeds of the Series 1997 Bonds shall be advanced from time to time as requisitioned by the Issuer, and at closing there shall be requisitioned and advanced a portion of the proceeds in the amount of \$220,450, being more than a de minimis amount of the proceeds of the Series 1997 Bonds. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Authority.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Series 1997 Bonds.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 1997 Bonds.

Section 6. The Issuer does hereby appoint and designate One Valley Bank - East, National Association, Martinsburg, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. The Series 1997 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1997 Bonds Sinking Fund as capitalized interest.

Section 8. The Series 1997 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1997 Bonds Reserve Account.

Section 9. The Series 1997 Bonds proceeds in the amount of \$33,400.16 shall be paid to the Holder of the Bond Anticipation Notes in payment in full of the Bond Anticipation Notes, including all accrued interest thereon.

Section 10. The remaining proceeds of the Series 1997 Bonds shall be deposited in the Series 1997 Bonds Construction Trust Fund, as received from time to time for payment of costs of the Project, including repayment of any temporary bank loans or Authority advances made or incurred with respect to the Project, payment of the remaining costs of the Prior Project in an amount not to exceed \$295,000 in the aggregate, and payment of cost of issuance of the Series 1997 Bonds.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 1997 Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Series 1997 Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about June 25, 1997.

Section 12. The acquisition and construction of the Project and the permanent financing of the Costs thereof, together with such remaining costs of the Prior Project, with the proceeds of the Series 1997 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank in time deposits of the Depository Bank meeting the requirements set forth under the definition of "Qualified Investments" in the Bond Resolution and therefore the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such time deposits, until further directed by the Issuer. Monies in the Series 1997 Bonds Sinking Fund, including the Series 1997 Bonds Reserve Account therein, shall be invested by the Municipal Bond Commission in the West Virginia Restricted Consolidated Fund.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 25th day of June, 1997.

OPEQUON PUBLIC SERVICE DISTRICT


Chairman, Public Service Board


Member, Public Service Board

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of OPEQUON PUBLIC SERVICE DISTRICT on the 25th day of June, 1997.

Dated: June 25, 1997.

[SEAL]



Secretary, Public Service Board

CHS/99186

IC/WDA-1
(July 1996)

LOAN AGREEMENT

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

OPEQUON PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Council Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Division of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or

other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

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

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

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

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

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

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

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

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

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 15th of each month to the Authority and Council.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall either have received bids or entered contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim financing of construction, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local

counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project) with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(i) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available in the Infrastructure Fund funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(a) That the gross revenues of the System shall always be used for purposes of the System. The revenues generated from the operation of the System will be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule

X to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds, if any (the "Reserve Account"), was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

Provided, that if the Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

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

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

amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof;

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

(xiv) That the proceeds of the Local Bonds must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

(xvi) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

(xix) To the extent applicable, that the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider; and

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Code) from time to time as the Authority may request.

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

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

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the State's general obligation bonds unless otherwise agreed to by the Council.

ARTICLE V

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

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

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency,

the Authority may exercise any or all of the rights and powers granted under the Act and State law, including without limitation the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.4 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.5 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

7.2 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

- (ii) termination by the Authority pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

7.9 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Division of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

OPEQUON PUBLIC SERVICE DISTRICT

(SEAL)

By: Colum D. Dorsey
Its: CHAIRMAN

Attest:

Date: 6/25/97

Gerald R. Smith
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: Daniel B. Lyambosky
Director

Attest:

Date: 6/25/97

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19____, effective _____, 19____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19____.

1. The Bonds are being issued for the purpose of _____
_____ (the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least _____ years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this __ day of ____, 19__.

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
c/o West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We are bond counsel to _____ (the
"Governmental Agency"), a _____
_____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19__, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest and principal payable in installments on September 1, December 1, March 1 and June 1 of each year, beginning December 1, 1997, at the rate as set forth in Exhibit A incorporated in and made a part of the Bonds.

The Local Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. [If required, the Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes.]

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

We have examined executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

EXHIBIT C

Monthly Financial Report

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

	<u>ITEM</u>	<u>CURRENT MONTH</u>	<u>YEAR TO DATE</u>	<u>BUDGET YEAR TO DATE</u>	<u>DIFFERENCE</u>
1.	Gross Revenues Collected				
2.	Operation and Maintenance Expense				
3.	Other Bond Debt Payments (including Reserve Fund deposits)				
4.	Bond Payments (include Reserve Fund deposits)				
5.	Renewal and Replacement Fund Deposit				
6.	Funds available for capital construction				

Witnesseth my signature this __ day of ___, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

C:\OFFICE\WPWIN\WPDOCS\CLOSED\OPEQUON.AGR

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$3,339,090
Purchase Price of Bonds	\$3,339,090

Principal on the Bonds is payable quarterly, commencing December 1, 1997 to and including December 1, 2017, over a twenty year period. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 commencing December 1, 1997, as set forth on Schedule Y attached hereto and incorporated herein by reference. The Bonds shall be issued on parity with the Governmental Agency's other outstanding bonds.

The Governmental Agency shall submit its payments monthly to the West Virginia Municipal Bond Commission which will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the West Virginia Municipal Bond Commission in writing by the Authority.

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and interest and such Bonds shall grant the Authority a first lien on the net revenues of the Governmental Agency's system.

The Governmental Agency may prepay the Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Bonds which request must be filed at least 60 days prior to the intended date of issuance.

SCHEDULE Y

Opequon Public Service District, West Virginia
Infrastructure Loan \$3,339,090
20 Years, 0% Interest

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1997	-	-	-
12/01/1997	41,223.34	-	41,223.34
3/01/1998	41,223.34	-	41,223.34
6/01/1998	41,223.34	-	41,223.34
9/01/1998	41,223.34	-	41,223.34
12/01/1998	41,223.34	-	41,223.34
3/01/1999	41,223.34	-	41,223.34
6/01/1999	41,223.34	-	41,223.34
9/01/1999	41,223.34	-	41,223.34
12/01/1999	41,223.34	-	41,223.34
3/01/2000	41,223.34	-	41,223.34
6/01/2000	41,223.34	-	41,223.34
9/01/2000	41,223.34	-	41,223.34
12/01/2000	41,223.34	-	41,223.34
3/01/2001	41,223.34	-	41,223.34
6/01/2001	41,223.34	-	41,223.34
9/01/2001	41,223.34	-	41,223.34
12/01/2001	41,223.34	-	41,223.34
3/01/2002	41,223.34	-	41,223.34
6/01/2002	41,223.34	-	41,223.34
9/01/2002	41,223.34	-	41,223.34
12/01/2002	41,223.34	-	41,223.34
3/01/2003	41,223.34	-	41,223.34
6/01/2003	41,223.34	-	41,223.34
9/01/2003	41,223.34	-	41,223.34
12/01/2003	41,223.34	-	41,223.34
3/01/2004	41,223.34	-	41,223.34
6/01/2004	41,223.34	-	41,223.34
9/01/2004	41,223.34	-	41,223.34
12/01/2004	41,223.33	-	41,223.33
3/01/2005	41,223.33	-	41,223.33
6/01/2005	41,223.33	-	41,223.33
9/01/2005	41,223.33	-	41,223.33
12/01/2005	41,223.33	-	41,223.33
3/01/2006	41,223.33	-	41,223.33
6/01/2006	41,223.33	-	41,223.33
9/01/2006	41,223.33	-	41,223.33
12/01/2006	41,223.33	-	41,223.33
3/01/2007	41,223.33	-	41,223.33
6/01/2007	41,223.33	-	41,223.33
9/01/2007	41,223.33	-	41,223.33
12/01/2007	41,223.33	-	41,223.33
3/01/2008	41,223.33	-	41,223.33
6/01/2008	41,223.33	-	41,223.33
9/01/2008	41,223.33	-	41,223.33

Opequon Public Service District, West Virginia
Infrastructure Loan \$3,339,090
20 Years, 0% Interest

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2008	41,223.33	-	41,223.33
3/01/2009	41,223.33	-	41,223.33
6/01/2009	41,223.33	-	41,223.33
9/01/2009	41,223.33	-	41,223.33
12/01/2009	41,223.33	-	41,223.33
3/01/2010	41,223.33	-	41,223.33
6/01/2010	41,223.33	-	41,223.33
9/01/2010	41,223.33	-	41,223.33
12/01/2010	41,223.33	-	41,223.33
3/01/2011	41,223.33	-	41,223.33
6/01/2011	41,223.33	-	41,223.33
9/01/2011	41,223.33	-	41,223.33
12/01/2011	41,223.33	-	41,223.33
3/01/2012	41,223.33	-	41,223.33
6/01/2012	41,223.33	-	41,223.33
9/01/2012	41,223.33	-	41,223.33
12/01/2012	41,223.33	-	41,223.33
3/01/2013	41,223.33	-	41,223.33
6/01/2013	41,223.33	-	41,223.33
9/01/2013	41,223.33	-	41,223.33
12/01/2013	41,223.33	-	41,223.33
3/01/2014	41,223.33	-	41,223.33
6/01/2014	41,223.33	-	41,223.33
9/01/2014	41,223.33	-	41,223.33
12/01/2014	41,223.33	-	41,223.33
3/01/2015	41,223.33	-	41,223.33
6/01/2015	41,223.33	-	41,223.33
9/01/2015	41,223.33	-	41,223.33
12/01/2015	41,223.33	-	41,223.33
3/01/2016	41,223.33	-	41,223.33
6/01/2016	41,223.33	-	41,223.33
9/01/2016	41,223.33	-	41,223.33
12/01/2016	41,223.33	-	41,223.33
3/01/2017	41,223.33	-	41,223.33
6/01/2017	41,223.33	-	41,223.33
9/01/2017	41,223.33	-	41,223.33
12/01/2017	41,223.33	-	41,223.33
TOTAL	3,339,090.01	-	3,339,090.01

Ferris, Baker Watts, Inc.
Public Finance Department

FILE = OPEQUON-Opequon PSD- SINGLE PURPOSE
6/19/1997 4:37 PM

Opequon Public Service District, West Virginia
Infrastructure Loan \$3,339,090
20 Years, 0% Interest

DEBT SERVICE SCHEDULE

YIELD STATISTICS

Bond Year Dollars.....	\$34,225.67
Average Life.....	10.250 Years
Average Coupon.....	-

Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	0.0000000%
Bond Yield for Arbitrage Purposes.....	0.0000000%
All Inclusive Cost (AIC).....	0.0000000%

IRS FORM 8038

Net Interest Cost.....	-
Weighted Average Maturity.....	10.250 Years

Ferris, Baker Watts, Inc. FILE # OPEQUON-Opequon PSD- SINGLE PURPOSE
Public Finance Department 6/19/1997 4:37 PM



SCHEDULE Z

Special Conditions. On the date of issuance of the Series 1997 Bonds, the Governmental Agency shall certify to the Authority and the Council the names and addresses of all customers receiving water service as of such date from the recently constructed 12-inch main approximately 565 feet in length connecting the facilities of Quad/Graphics, Inc. to the System (the "Quad/Graphics Extension"). Simultaneously with the issuance of the Completion Certificate by the Consulting Engineer in accordance with Section 6.01F of the Bond Resolution, the Governmental Agency shall certify to the Authority and the Council the names and addresses of all new customers (i.e., new customers of the System that were not customers of the System on June 25, 1997) receiving water service directly from (i) the Quad/Graphics Extension, (ii) the extension constituting the Project, (iii) any extension receiving its water through either (i) or (ii) ((i), (ii) and (iii) are collectively referred to herein as the "Extensions") and (iv) any customers located in the Berkeley County Industrial Park at Cumbo Yard ("Cumbo Yard") other than Quad/Graphics, Inc. as of that date (collectively, "Base Customer List"), provided, however, except as noted in (iv) above, in no event shall customers be included on the Base Customer List that are connected to the System beyond the terminus of the Project nor shall Quad/Graphics, Inc. be included in the Base Customer List. As part of the Governmental Agency's annual audit, the Governmental Agency shall require the Independent Certified Public Accountants to provide certification as of June 30 of each Fiscal Year, based on the audit, the Base Customer List and the new customers of the Extensions or in Cumbo Yard, of the prepayment amount. The prepayment calculation shall be as follows:

The sum of:

(a) The number of gallons of water purchased from the Governmental Agency in such Fiscal Year by Quad/Graphics, Inc. in excess of 50,000 gallons per day, calculated on a monthly basis (to be adjusted based on actual working days);

(b) The number of gallons of water purchased from the Governmental Agency in such Fiscal Year by customers located in Cumbo Yard other than Quad/Graphics, Inc.; and

(c) The number of gallons of water purchased from the Governmental Agency in such Fiscal Year by customers receiving water service directly from the Extensions that (i) are on the Base Customer List, (ii) have assumed the water service of customers on the Base Customer List; or (iii) are new customers of the System that connected to the Extensions after the date of completion of the Project, provided, however, in no event shall there be included in such amount water purchased by customers connected to the System beyond the terminus of the Project;

multiplied by the debt service component of \$.00157.

For the purposes of this calculation no customer shall be counted more than once.

If the calculated amount is less than \$500, no prepayment is required. If the calculated amount is equal to or exceeds \$500, such payment shall be remitted to the Commission on the November 1st following the end of the Fiscal Year. The Governmental Agency shall provide notice to the Commission, the Authority and the Council of the prepayment amount along with the audit and certification from the Independent Certified Public Accountants not less than 15 days prior to the prepayment date. The Commission shall remit such prepayment amount to the Authority on behalf of the Council on the following December 1st.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

Entered: May 22, 1997

CASE NO. 96-0478-PWD-CN

OPEQUON PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate of convenience and necessity to allow the District to improve its ability to serve its existing customers and also to provide transmission facilities to serve future customers by building, operating and maintaining approximately 24,000 feet of 24-inch transmission main leading from the District's recently constructed Potomac River Water Production facility to an existing 12-inch transmission main on the west side of Interstate 81.

RECOMMENDED DECISION

On November 21, 1996, the Opequon Public Service District (District), a public utility, Berkeley County, filed an application with the Public Service Commission, pursuant to West Virginia Code (Code) §24-2-11, for a certificate of public convenience and necessity to allow the District to improve its ability to serve its existing customers and also to provide transmission facilities to serve future customers by building, operating and maintaining approximately 24,000 feet of 24-inch transmission main leading from the District's recently constructed Potomac River water production facility to an existing 12-inch transmission main on the west side of Interstate 81; for approval of financing incidental to providing such service; and for approval of rates and charges incidental to providing such service.

During the prefiling stage of this certificate proceeding, on September 18, 1996, Quad/Graphics, Inc., filed a petition to intervene, asserting that it has a substantial interest in the outcome of the instant proceeding because it is an industrial customer of the District which is served by the existing 12-inch main.

On December 3, 1996, the Commission entered the Commission Referral Order in this proceeding, thereby referring this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before July 7, 1997. The Commission also granted Quad/Graphics, Inc.'s September 18, 1996 petition to intervene.

On December 10, 1996, the Commission directed the District to publish the Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Berkeley County. The Notice of Filing provided that, if no substantial protests were filed within thirty (30) days, the Commission may waive formal hearing and grant the certificate based upon its review of the evidence submitted with the application. On January 15, 1997, the District filed a publication affidavit indicating that the Notice of Filing had been published as directed on December 16, 1996, in The Journal, a newspaper published and generally circulated in Berkeley County, West Virginia. Public protests have been filed.

On January 21, 1997, Hedgesville Public Service District (HPSD), a public utility, Berkeley County, and a resale customer of the District, filed a petition to intervene. HPSD, by counsel, Robert R. Rodecker, Esquire, cited a July 21, 1993 Final Order in Case No. 93-0094-PWD-CN wherein the Commission approved a contract rate of \$1.80 per 1,000 gallons for the water purchased by HPSD from the District. HPSD noted that the July 21, 1993 Final Order in that case had indicated that the Commission would review the contract rate between these two utilities after one year of operations. More than one year of operations has transpired, and, for this reason, HPSD has requested that the Commission review the contract rate in the instant certificate proceeding.

On January 27, 1997, Staff Attorney Cassius H. Toon, Esquire, filed the Final Joint Staff Memorandum, dated January 23, 1997, indicating that Commission Staff would file a recommendation once it had fully investigated this matter.

On January 28, 1997, the District, by counsel, Hoy G. Shingleton, Jr., Esquire, responded to HPSD's petition to intervene by concurring that the Commission should grant HPSD intervenor status in the instant certificate case and that the Commission should include a review of the contract rate charged HPSD by the District in any customer class cost of service study conducted in the instant proceeding. However, the District argued that it is inappropriate for the Commission to review the terms of the contract between HPSD and the District in the instant certificate proceeding. The District agreed that the Commission should review the contract, but such review should occur in a separate case, and any change in the contract rate should be addressed in that separate proceeding.

On February 12, 1997, Staff Attorney Cassius H. Toon, Esquire, filed the Response of the Staff of the Public Service Commission of West Virginia, thereby responding to HPSD's intervention petition. Staff Attorney Toon did not oppose granting intervenor status to HPSD, but he did oppose that part of the intervention petition seeking a review of the contract rate for HPSD in the instant certificate case. Staff Attorney Toon noted that Commission Staff intended to perform only a limited customer class cost of service study in the instant case, i.e., to establish a rate for one large industrial customer, and that reevaluating HPSD's contract rate would necessitate a full audit and bill analysis.

On February 14, 1997, HPSD, by counsel, Robert R. Rodecker, Esquire, filed the Reply of Hedgesville Public Service District, opining that Commission Staff indeed would have to perform a full audit and bill analysis in order to review HPSD's contract rate. However, Mr. Rodecker opined that it would be necessary to first review Commission Staff's recommendation in the instant case before determining whether it will be necessary to consider the contract rate in this case. Mr. Rodecker stated that, if Commission Staff's recommendation in the instant case adversely affects HPSD, HPSD expressly reserves the right to address the basis for such recommendation, including the contract between the two districts and Commission Staff's limited class cost of service study.

In response to all of the above, on February 25, 1997, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to process and resolve this matter, including an April 16, 1997 hearing date. Also, the ALJ granted intervenor status to HPSD. However, the ALJ agreed with the District's and Commission Staff's stated position that the instant case is not the appropriate forum to modify the terms of the contract between the District and HPSD. The ALJ held that, if the parties to that contract want the Commission to review the contract, one or both of the parties to the contract should file a separate petition with the Commission for this express purpose, particularly since Commission Staff had indicated that it did not intend to perform a customer class cost of service study in the instant certificate proceeding upon which a new contract rate could be determined.

On March 12, 1997, Staff Attorney Toon filed the Final Joint Staff Memorandum, dated March 7, 1997, attaching the Final Staff Internal Memorandum, dated March 5, 1997, from Utility Financial Analyst William A. Nelson and Utility Engineer David A. Hippchen, P.E., both of the Water and Wastewater Division. (The ALJ later received this document at the hearing as Staff Exhibit No. 1). Together, these Memoranda comprised Commission Staff's then-final recommendation. Commission Staff recommended granting the application for a certificate of public convenience and necessity, provided that the District meets certain conditions; approving the proposed financing; and increasing the District's rates and charges. The following chart compares the District's existing, the District's proposed and the Staff-recommended rates and charges, as set forth in the March 12, 1997 Final Joint Staff Memorandum, with attachment, i.e., Staff Exhibit No. 1:

<u>RATES (Domestic & Commercial)</u>	<u>Existing</u>	<u>Proposed</u>	<u>Staff-recommended</u>
	Each 1M/Mo.	Each 1M/Mo.	Each 1M/Mo.
First 5,000 gallons used	\$5.72	\$6.77	\$5.91
All over 5,000 gallons used	\$4.30	\$5.09	\$4.44
<u>RATES (Industrial)</u>			
	\$3.05	\$2.50	\$3.15

MINIMUM CHARGE

	(Per Month)	(Per Month)	(Per Month)
5/8 inch meter	\$ 17.16	\$ 20.32	\$ 17.73
1 inch meter	\$ 42.90	\$ 50.80	\$ 44.33
1-1/2 inch meter	\$ 85.50	\$ 101.24	\$ 88.65
2 inch meter	\$ 137.30	\$ 162.58	\$ 141.84
3 inch meter	\$ 257.40	\$ 304.79	\$ 265.95
4 inch meter	\$ 429.00	\$ 507.98	\$ 443.25
6 inch meter	\$ 858.00	\$ 1,015.96	\$ 886.50

Pursuant to all of the above, on March 14, 1997, the ALJ issued an Order Requiring Publication, thereby directing the District, since it already had published its proposed rates in the Notice of Filing, to publish a Notice of Hearing indicating that the final rates approved by the Commission may be the same as, greater than or less than the proposed rates.

On April 16, 1997, the ALJ convened the hearing as scheduled. The District appeared at the hearing by counsel, Hoy G. Shingleton, Jr., Esquire; Quad/Graphics, Inc., appeared by counsel, George V. Piper, Esquire; HPSD appeared by counsel, Robert R. Rodecker, Esquire; and Commission Staff appeared by counsel, Staff Attorney Cassius H. Toon, Esquire. Two individuals appeared at the hearing to protest the application, Douglas Riley and Roland Redman.

Except for the two Protestants, i.e., Mr. Riley and Mr. Redman, who made statements clarifying their positions, neither of the parties presented testimony at the hearing. However, the District presented six exhibits at the hearing, some of which contained prepared testimony, and presented one post-hearing exhibit. Additionally, on May 21, 1997, the District filed with the Commission a letter, dated May 13, 1997, from the West Virginia Infrastructure & Jobs Development Council, referred to as a "Binding Commitment Letter" to loan approximately \$3,519,000 to the District. Commission Staff presented two exhibits at the hearing and presented one post-hearing exhibit. HPSD presented one exhibit.

After the hearing, the parties availed themselves of their rights under Code §24-1-9(b) to file proposed findings of fact, conclusions of law, briefs and replies. The ALJ considered all of the evidence and legal arguments of all parties before rendering this Recommended Decision.

EVIDENCE

The parties stipulated all of the exhibits of each party into evidence. District Exhibit No. 1 is a publication affidavit indicating that the Notice of Hearing was published on March 24, 1997, and on March 31, 1997, in The Journal, a newspaper published and generally circulated in Berkeley County; District Exhibit No. 2 is a response by the District to Commission Staff's final recommendation detailing the District's basis for its proposed revenue

requirement; District Exhibit No. 3 is the prepared testimony of Richard G. Beegle, P.E.; District Exhibit No. 4 is the prepared testimony of Frederick M. Hollida; District Exhibit No. 5 is the prepared testimony of David T. Lewis; and District Exhibit No. 6 is the application for a certificate of public convenience and necessity contained in the Commission's file.

Mr. Beegle, the District's General Manager, also serves as the District's general engineering consultant. He compared the numerical makeup of the District's various classes of customers since 1992, and he opined that the number of customers in each customer class had increased dramatically during that time and was likely to continue to increase at a similar or greater rate in the foreseeable future. He opined that the District needs to serve the increased needs of the industrial park and the increased needs of many new residential, commercial and industrial customers at other locations throughout the District. In particular, Quad/Graphics, Inc., is a new industrial customer which places a great demand on the District's water treatment and distribution system. In addition to the District's existing treatment plant, its system interconnects with the City of Martinsburg's system at two locations, for emergency supply when necessary. He opined that, in order for the District to continue to provide water service to its existing customers and to accept new customers, the proposed project is required. He estimated that the proposed project will cost \$3,519,085. (District Exhibit No. 3, pp. 1-3).

Mr. Hollida, a certified public accountant, serves as the District's independent auditor and its financial consultant. He prepared the District's Rule 42 Exhibit for the instant certificate case. He outlined the assumptions he made in preparing the District's proposed revenue requirement once the District builds the proposed project and begins operating it. He stated that the West Virginia Infrastructure and Job Development Council (IC) will loan the District \$3,519,085, with no interest, to be repaid over 20 years. (District Exhibit No. 4, pp. 1-2). He estimated that Quad/Graphics, Inc., would consume at least 50,000 gallons of water daily. He recommended that industrial customers pay a rate of \$2.50 per 1,000 gallons. He also recommended that HPSD pay \$2.50 per 1,000 gallons. He opined that the District currently has a sound financial operation. (District Exhibit No. 4, pp. 2-4).

David T. Lewis, P.E., is the project manager for the proposed project. The District hired his engineering firm in 1995 to design and supervise the construction of the District's proposed project. As the basis for recommending to the District what it needed to do to upgrade its system, he analyzed the District's existing facilities, existing population and customer counts, system maps, existing system condition and capacities, existing regulatory orders and existing environmental permits. He also projected future conditions using generally accepted engineering practices and available data. He presented the District with three alternative plans to upgrade its system. He opined that the District chose the most cost-effective alternative. (District Exhibit No. 5, pp. 1-7).

Mr. Lewis described the District's proposed project for which it seeks a certificate of public convenience and necessity. The project consists of constructing approximately 23,000 linear feet of 24-inch water main to be located along the U. S. Route 11 and Interstate 81 corridors. The District will install the transmission main parallel to its existing main, and it will extend from the new Potomac River water treatment plant to a point near the Quarry water treatment plant where additional water distribution looping mains exist. This new main will enable the District to deliver large quantities of water to high demand areas. It also will enable the District to deliver water at greater pressures to its existing customers at a lower cost, thereby allowing the District to meet its existing customers' growing needs and to provide service to new customers. (District Exhibit No. 5, p. 7).

He described and discussed the alternatives which the District did not choose, stating why these alternatives would not be as efficient or cost-effective as the proposed project. Chiefly, these other alternatives would not allow for expansion of the District's system without a subsequent large project similar to the proposed project. Also, construction costs would be higher for the other alternatives. (District Exhibit No. 5, pp. 7-10). He opined that the proposed project would serve all of the District's needs for many years. (District Exhibit No. 5, p. 11). He detailed the construction costs for the project. (District Exhibit No. 5, p. 12, attached exhibit).

The District's Post-Hearing Exhibit is a document prepared by the District's counsel indicating that, on April 22, 1997, the District opened and considered bids from 12 contractors. On April 30, 1997, the District awarded the contract for the proposed project to Charles E. Brake Company, Inc., for the sum of \$2,392,215, or \$2,060 less than the estimated construction cost set forth in the application. (District Post-Hearing Exhibit).

Commission Staff reported that the West Virginia Department of Health and Human Resources, Office of Environmental Health Services (Health Department), approved the proposed plans for the project on July 18, 1996, by issuing Permit No. 12,942. Commission Staff opined that the project has been engineered in accordance with generally accepted engineering standards. The proposed project will meet the needs of the District's existing and foreseeable future customers. Commission Staff opined that public convenience and necessity require the project. Commission Staff recommended that the Commission grant the application and approve the proposed financing. Commission Staff recommended rates which it opined would satisfy the District's revenue requirement once the project begins operating. Also, Commission Staff recommended that the Commission adjust the District's rates immediately, i.e., once this Recommended Decision becomes, rather than waiting until the District begins operating the facilities to be built under the proposed project. (Staff Exhibit No. 1).

Commission Staff revised its recommendation pertaining to the District's revenue requirement and rates. (Staff Exhibit No. 2). The revised Staff-recommended rates would generate annual operating revenues

totaling \$1,977,523, and total available cash amounting to \$2,064,849. These revenues would meet all of the District's operation and maintenance (O&M) expenses and would provide a debt service coverage ratio of 118.25%, with a cash flow surplus of \$26,393. (Staff Exhibit No. 2).

The Staff Post-Hearing Exhibit, filed on May 13, 1997, indicated that, after reviewing the District Post-Hearing Exhibit, Commission Staff does not believe that a basis exists at this time for creating two rate blocks for industrial customers. Commission Staff recommended that, approximately six (6) months after the project begins operating, Commission Staff should perform a customer class cost of service study, opining that only the results of such a study should be the basis for creating two rate blocks for industrial customers. (Staff Post-Hearing Exhibit).

At the hearing, the parties indicated by counsel that they had agreed to all of Commission Staff's recommendations, except that the rate design for industrial customers only may have to be revised after the hearing. The parties stipulated that the Commission should adopt the Staff-recommended revenue requirement. The parties also stipulated that the Commission should adopt the Staff-recommended rates for all classes of customers, except that the industrial rate design should be adjusted, i.e., the total revenue to be generated by the industrial class, as recommended by Commission Staff, would not change, but the rates of certain industrial customers would be determined by Commission Staff after the hearing. The parties agreed to accept Commission Staff's evaluation of whether an additional rate class for industrial customers was warranted. Essentially, the District and Quad/Graphics, Inc., argued that the District has two classes of industrial customers, and, since the Staff-recommended rates contain a single rate for all industrial customers, it should break the industrial rate into two separate rate blocks. The contract resale rate for HPSD and the contract rate for the DuPont Company will not be changed by this proceeding. The residential, commercial and industrial rates will increase. (See, discussion of case by the parties' counsel, Tr., pp. 1-15).

The first Protestant to testify was Douglas Riley. He generally opposed the project because he believes that the District does not need a 24-inch water main. In particular, he opposed the project because he believed that construction of the project would interrupt his business and cause traffic delays in the area. He appeared satisfied with the District's explanation, on the record at the hearing, of its proposed construction plan and the fact that the District would have had to install a 24-inch main soon, even without Quad/Graphics, Inc., locating in the industrial park, due to the fast growth, by about 200 customers per year, of the District's system. (Tr., pp.16-24).

The other Protestant who testified was Roland L. Redman. Mr. Redman is a neighbor of Mr. Riley. He was concerned that blasting associated with constructing the project would ruin his water well. He also was concerned that the project would escalate and cost much more than was the District projected, thereby saddling the existing customers with a huge debt. However, like Mr. Riley, Mr. Redman appeared satisfied with the District's

explanation, on the record at the hearing, allaying his concerns. (Tr., pp. 24-32).

DISCUSSION

The District published the Notice of Filing as directed, and only minimal public protests were filed. The District published the Notice of Hearing as directed. Though this matter proceeded to public hearing due to public protest, the only two Protestants who appeared at the hearing appeared to be satisfied with the District's responses to their questions and concerns. The District presented evidence which demonstrates that public convenience and necessity require the proposed project and that the District has obtained reasonable financing for the project which will enable it to operate the project without dramatically increasing its rates and charges.

Essentially, all matters of dispute in this case have been resolved between Commission Staff and the District, and this case is a routine certificate application to enable the District to better serve its existing customer base and to serve the future needs of its service area. The District's customer base and demand have increased dramatically during the past five years, for all customer classes, and likely will continue to increase in the foreseeable future at a similar rate. The proposed project will enhance the service the District provides to its existing customers and will enable the District to serve many more customers, including one new industrial customer, Quad/Graphics, Inc., which will be consuming 50,000 gallons of water daily. The District considered three separate alternatives proposed by the District's engineering firm before deciding to apply for a certificate of public convenience and necessity for the proposed project, and the proposed project is the most cost-effective of three alternatives. The proposed project will enable the District to deliver water at greater pressures to its existing customers at a lower cost. The District already has accepted a bid from among 12 competitive bidders which is within the projected construction cost.

The Health Department has approved the proposed project by issuing Permit No. 12,942. Commission Staff has opined that the project was engineered in accordance with generally acceptable engineering standards. Commission Staff has opined that the project will meet the demands of the system for the foreseeable future. All of the parties stipulated that the Commission should grant the application.

After considering all of the reasons set forth above, the ALJ holds that public convenience and necessity require the proposed project, and he will grant the District's application for a certificate of public convenience and necessity.

Since the District has accepted a competitive bid within the project's estimated construction cost; since the project will be financed with a \$3,519,085 IC loan, bearing no interest and to repaid over a 20-year term;

and since the IC has sent the District a Binding Commitment Letter for the proposed financing, the ALJ will approve the proposed financing for the project. Also, since Commission Staff has recommended rates which are lower than those set forth in the Notice of Filing published by the District; since the District and the other parties have agreed to accept the Staff-recommended rates; and since the Staff-recommended rates would generate annual operating revenues of \$1,977,523, which would produce a cash flow surplus of \$26,393 and a debt service coverage ratio of 118.25%, the ALJ will approve the Staff-recommended rates. Finally, since Commission Staff has recommended that it review the District's rates and perform a customer class cost of service study once the District has operated under the completed project for six (6) months, the ALJ will direct the District to file a rate case as soon as practicable after it has operated under the completed project for six (6) months.

FINDINGS OF FACT

1. The Opequon Public Service District filed an application with the Commission, pursuant to Code §24-2-11, for a certificate of public convenience and necessity to allow the District to improve its ability to serve its existing customers and also to provide transmission facilities to serve future customers by building, operating and maintaining approximately 24,000 feet of 24-inch transmission main leading from the District's recently constructed Potomac River water production facility to an existing 12-inch transmission main on the west side of Interstate 81; for approval of financing incidental to providing such service; and for approval of rates and charges incidental to providing such service. (See, Application, filed November 21, 1996).
2. The District published the Notice of Filing as directed, and only minimal public protests were filed. (See, Publication Affidavit, filed January 15, 1997; Commission's file).
3. The District published the Notice of Hearing, and only two Protestants appeared at the hearing. (See, District Exhibit No. 1; Tr., generally).
4. The District's customer base and demand have increased dramatically during the past five years, for all customer classes, and likely will continue to increase in the foreseeable future. (See, Testimony of Richard G. Beegle, District Exhibit No. 3, pp. 1-3; David T. Lewis, District Exhibit No. 5, pp. 1-7; Staff Exhibit Nos. 1 and 2).
5. The proposed project will enhance the service the District provides to its existing customers and will enable the District to serve many more customers. (See, Testimony of Richard G. Beegle, District Exhibit No. 3, pp. 1-3; David T. Lewis, District Exhibit No. 5, pp. 1-7; Staff Exhibit Nos. 1 and 2).

6. One new industrial customer, Quad/Graphics, Inc., will be consuming 50,000 gallons of water daily. (See, Testimony of Frederick M. Hollida, District Exhibit No. 4, pp. 2-4).

7. The proposed project is the most cost-effective of three alternatives proposed by the District's engineering firm. (See, Testimony of David T. Lewis, District Exhibit No. 5, pp. 1-7).

8. The proposed project will enable the District to deliver water at greater pressures to its existing customers at a lower cost. (See, Testimony of David T. Lewis, District Exhibit No. 5, p. 7).

9. The District has accepted a bid from among 12 competitive bidders which is within the projected construction cost. (See, District Post-Hearing Exhibit).

10. The Health Department has approved the proposed project by issuing Permit No. 12,942. (See, Staff Exhibit No. 1).

11. Commission Staff has opined that the project has been engineered in accordance with generally acceptable engineering standards. (See, Staff Exhibit No. 1).

12. Commission Staff has opined that the project will meet the demands of the system for the foreseeable future. (See, Staff Exhibit No. 1).

13. The only two Protestants who appeared at the hearing to voice their objections to the project indicated that their questions and concerns had been addressed satisfactorily. (See, Tr., generally; testimony of Douglas Riley, Tr., pp. 16-24; Roland L. Redman, Tr., pp. 24-32).

14. All of the parties stipulated that the Commission should grant the application. (See, Tr., generally).

15. Commission Staff has opined that public convenience and necessity require the proposed project. (See, Staff Exhibit No. 1).

16. The project will be financed with a \$3,519,085 IC loan, bearing no interest and to repaid over a 20-year term. (See, Staff Exhibit No. 1).

17. Commission Staff has recommended rates which are lower than those set forth in the Notice of Filing published by the District. (See, Staff Exhibit Nos. 1 and 2; Staff Post-Hearing Exhibit).

18. The District and the other parties have agreed to accept the Staff-recommended rates. (See, Tr., generally).

19. The Staff-recommended rates would generate annual operating revenues of \$1,977,523, which would produce a cash flow surplus of \$26,393 and a debt service coverage ratio of 118.25%. (See, Staff Exhibit No. 2; Staff Post-Hearing Exhibit).

20. Commission Staff has recommended that it review the District's rates and perform a customer class cost of service study once the District has operated under the completed project for six (6) months. (See, Staff Exhibit Nos. 1 and 2; Staff Post-Hearing Exhibit).

21. The District filed a Binding Commitment Letter from the IC which confirms the availability of the proposed loan from the IC, in an amount of approximately \$3,519,000, for the proposed project. (See, Letter, filed May 19, 1997, from the IC).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project. Accordingly, it is reasonable to grant the District's application.

2. The proposed financing for the project in an amount not to exceed \$3,519,085, to be funded entirely through an IC loan bearing no interest and to be repaid over a 20-year term, is fully committed and sufficient to cover the project's costs and, therefore, should be approved.

3. The Staff-recommended revenue requirement and Staff-recommended rates will cover all of the District's expenses and debt service, generating an adequate debt service coverage ratio, are acceptable to all parties and should be approved.

4. In order to insure that the approved rates are sufficient, but not more than sufficient, it is reasonable to direct that the District file a rate case once it has operated under the project for six (6) months.

ORDER

IT IS, 'THEREFORE, ORDERED that the application filed with the Commission on November 21, 1996, by the Opequon Public Service District, pursuant to Code §24-2-11, for a certificate of public convenience and necessity to allow the District to improve its ability to serve its existing customers and also to provide transmission facilities to serve future customers by building, operating and maintaining approximately 24,000 feet of 24-inch transmission main leading from the District's recently constructed Potomac River water production facility to an existing 12-inch transmission main on the west side of Interstate 81, be, and it hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project, in an amount not to exceed \$3,519,085, to be funded exclusively with an IC loan, bearing no interest and to be repaid over a 20-year term, be, and it hereby is, approved.

IT IS FURTHER ORDERED that, should the scope or the financing of the project hereby approved change for any reason, the District shall first obtain separate Commission approval before commencing construction of the project.

IT IS FURTHER ORDERED that the Staff-recommended revenue requirement, attached hereto as Appendix A, and the Staff-recommended rates, attached hereto as Appendix B, be, and they hereby are, approved for all service rendered by the District after this Recommended Decision becomes final.

IT IS FURTHER ORDERED that, within ten (10) days of this Recommended Decision becoming final, the District shall file with the Commission a proper tariff setting forth the rates and charges hereby approved.

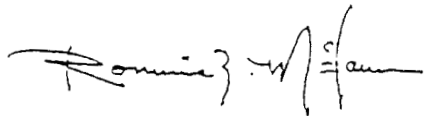
IT IS FURTHER ORDERED that, as soon as practicable after operating for six (6) months under the project hereby approved, the District shall file a rate case with the Commission.

The Executive Secretary hereby is ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave hereby is granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s

OPEQUON PUBLIC SERVICE DISTRICT
APPROVED REVENUE REQUIREMENT
CASE NO. 96-0478-PWD-CN

Cash Available:

Operating Revenues	\$1,977,523
Forfeited Discounts	\$ 39,238
Fire Protection Fees	\$ 16,199
Miscellaneous Revenue	\$ 11,889
Other Income	\$ 20,000

Total Available Cash	<u>\$2,064,849</u>
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Expenses:

Operation & Maintenance Expenses	\$ 898,850
Taxes (Other)	\$ 27,128

Total Expenses	<u>\$ 925,978</u>
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Cash Available for Debt Service (A)	<u>\$1,138,871</u>
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Debt Service & Reserves:

Principal & Interest Expense (B)	\$ 963,123
Debt Reserve	\$ 75,121
Renewal & Replacement Reserve	\$ 74,234

Total Debt Service & Reserves	<u>\$1,112,478</u>
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Surplus:	<u>\$ 26,393</u>
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Coverage Ratio (A/B)	<u>118.25%</u>
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OPEQUON PUBLIC SERVICE DISTRICT
APPROVED RATES AND CHARGES
CASE NO. 96-0478-PWD-CN

APPLICABILITY

Applicable within entire territory served.

AVAILABILITY

Available for general domestic and commercial service.

RATES

Per 1,000 Gallons Used

First 5,000 gallons used per month	\$6.03
All over 5,000 gallons used per month	\$4.53

AVAILABILITY

Available for general industrial service.

RATES

\$3.21 per 1,000 gallons used per month.

MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

5/8 inch meter	\$ 18.09 per month
1 inch meter	\$ 45.23 per month
1 1/2 inch meter	\$ 90.45 per month
2 inch meter	\$144.72 per month
3 inch meter	\$271.35 per month
4 inch meter	\$452.25 per month
6 inch meter	\$904.50 per month

SERVICE CONNECTION CHARGE

\$300.00

RECONNECTION CHARGE

\$20.00

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount shown. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 30 th day of May, 1997.

CASE NO. 96-0478-PWD-CN

OPEQUON PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate of convenience and necessity to allow the District to improve its ability to serve its existing customers and also to provide transmission facilities to service future customers by building, operating and maintaining approximately 24,000 feet of 24-inch transmission main leading from the District's recently constructed Potomac River Water Production facility to an existing 12-inch transmission main on the west side of Interstate 81.

COMMISSION ORDER

On November 21, 1996, the Opequon Public Service District (District), a public utility, Berkeley County, filed an application with the Public Service Commission, pursuant to West Virginia Code (Code) §24-2-11, for a certificate of public convenience and necessity to allow the District to improve its ability to serve its existing customers and also to provide transmission facilities to serve future customers by building, operating and maintaining approximately 24,000 feet of 24-inch transmission main leading from the District's recently constructed Potomac River water production facility to an existing 12-inch transmission main on the west side of Interstate 81; for approval of financing incidental to providing such service; and for approval of rates and charges incidental to providing such service.

By Recommended Decision entered May 22, 1997, Deputy Chief Administrative Law Judge Ronnie Z. McCann granted the application; approved financing for the project, in an amount not to exceed \$3,519,085, to be funded exclusively with an IC loan, bearing no interest and to be repaid over a 20-year term, with the proviso that, should the scope or the financing of the project change for any reason, the District shall first obtain separate Commission approval before commencing construction of the project; and approved the Staff-recommended revenue requirement and the Staff-recommended rates, for all service rendered by the District after said Recommended Decision becomes final. The Recommended Decision further required the District to file a rate case with the Commission as soon as practicable after operating for six (6) months under the project therein approved.

On May 29, 1997, by facsimile transmission, Hoy G. Shingleton, Jr., Esq., Counsel for Opequon Public Service District, petitioned the Commission to waive the fifteen day exception period. On May 29, 1997, by telecommunication, Cassius H. Toon, Esq., Staff Attorney; Robert R. Rodecker, Esq., Counsel for Hedgesville Public Service District; and George V. Piper, Esq., Counsel for Quad/Graphics, Inc., all parties to this proceeding,

indicated agreement with Mr. Shingleton's petition, with each stating that a memorandum or letter to that effect would be forthcoming.

West Virginia Code §24-1-9 provides a time period of at least twenty (20) days from the date of a recommended order until it become effective. According to West Virginia Code §24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order.

The Commission is therefore of the opinion and belief that said petition for waiver received by the Commission on May 29, 1997 should be granted.

IT IS, THEREFORE, ORDERED that the requested waiver be, and the same hereby is, granted.

IT IS FURTHER ORDERED that the Administrative Law Judge's Recommended Decision in this matter become final (5) days after the date of this order.

A True Copy, Teste:


Todd Carden
Executive Secretary

ft



West Virginia Infrastructure & Jobs Development Council

Public Members:

Russell L. Isaacs, Chairman
Cottageville
James D. Williams, Vice-Chairman
St. Albans
Lloyd P. Adams, P.E.
Wheeling
James L. Harrison, Sr.
Princeton

1320 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Susan J. Riggs, Esquire
Executive Secretary

May 13, 1997

Richard Beegle
Opequon Public Service District
Route 2, Box 83A
Martinsburg, WV 25401

Re: Binding Commitment Letter
Water System Extension Project 95W-046

Dear Mr. Beegle:

The West Virginia Infrastructure and Jobs Development Council (Council) provides this binding offer of a loan of approximately \$3,519,000 for the Opequon Public Service District's (District) project for a water system extension to serve the Quad Graphics facility (Project). The loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final loan amounts will be established after the District has received bids for the Project. The Water Development Authority (Authority), as administrator of the Infrastructure Fund, has set aside moneys in the Infrastructure Fund to make this loan upon the District's compliance with the program requirements. This commitment is good for 180 days from the date hereof. If the District has not entered into a loan agreement by November 9, 1997, then this commitment shall expire.

The Council may, when justifiable circumstances occur, offer to extend the commitment expiration date. It should be understood by the District that the offer to extend the time period is at the sole discretion of the Council.

The Authority will enter into a loan agreement with the District following receipt of the completed Schedule B (the form of which is attached hereto); a final, nonappealable order from the Public Service Commission authorizing construction of the Project; evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and the

Richard Beegle
May13, 1997
Page 2

requisite bond-related documents and opinions in a form and substance satisfactory to the Authority and the Council. Following execution of the loan agreement, the Council will establish a closing date, which date shall be not less than ten business days following the execution by the District of the loan agreement.

No statements or representations made before or after the issuance of this Binding Commitment Letter by any person, member of the Council, or agent or employee of the Authority shall be construed as approval to alter or amend this Commitment, as all such amendments or alterations shall only be made in writing after approval of the Council.

If the District has any questions regarding this commitment, please contact Susan J. Riggs at the above-referenced telephone number.

Sincerely,



Russell L. Isaacs

RLI/bh

Attachments

cc: Hoy G. Shingleton, Jr., Esquire

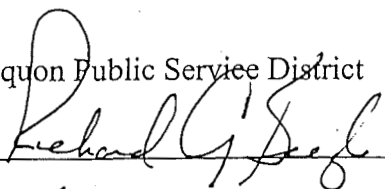
NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Council, and one to the Authority.

Opequon Public Service District

By:

Its:

Date:


General Manager
14 May 1997

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

Opequon Public Service District
Water System Extension Project
May 13, 1997

SCHEDULE A

A. Approximate Amount: \$3,519,000 - Loan

B. If Loan:

1. Maturity Date: 20 years from date of loan closing
2. Loan Advancement Date(s): Monthly upon receipt of proper requisition.
3. Interest Rate: 0%
4. Debt Service Commencement Date: The quarter following completion of construction, which date must be identified prior to loan closing.
5. Special Conditions (if any): The loan is subject to required prepayments in an amount to be determined by the Council pursuant to an annual review of the District's revenues, the specific details of which will be set forth in the loan agreement.

C. If Grant:

1. a. Grant Advancement Date(s):
b. Monthly percentage:
2. Special Conditions (if any)

NOTICE: The terms set forth above are subject to change following the Governmental Agency's receipt of construction bids.

D. Other Funding Sources: None.

E. Proposed User Rates:

Average: \$25.74/4500 gallons



STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

1201 DUNBAR AVENUE
DUNBAR, WV 25064

Telephone (304) 558-3612
Telecopier (304) 558-0299

August 12, 1996

Richard Beegle
Manager
Opequon Public Service District
Route 2, Box 83A
Martinsburg, WV 25401

PRELIMINARY APPLICATION - OPEQUON PUBLIC SERVICE DISTRICT - QUAD GRAPHICS WATER PROJECT

By letter dated May 4, 1995, the West Virginia Infrastructure and Jobs Development Council (Council) notified the Opequon Public Service District (District) that it had reviewed the District's preliminary application for the above-referenced project and determined that the project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. Also by said letter, the Council indicated that while financial assistance from the Infrastructure Fund may be needed for this project, the constitutionality of the Infrastructure Improvement Amendment was at that time the subject of a legal challenge, thus the Council could not recommend funding for the project.

Since the issuance of the May 4 letter, Infrastructure bonds have been issued and the Council is now able to recommend funding from the Infrastructure Fund. Upon review of the updated project information provided to the Council by letter from Hoy G. Shingleton, Jr., dated July 29, 1996, the Council has determined that the District may be eligible for Infrastructure Fund loan assistance of approximately \$3,000,000 at an interest rate of 0% for a term of 20 years, with the conditions that a portion of the revenues from Quad Graphics, which are proposed to continually increase, be used to prepay the loan, and that the loan be bought out at the time of the District's next financing. The Council's final decision on this funding is deferred pending the project's readiness to proceed and the ability of the District to satisfactorily meet the above-stated conditions of the proposed loan.

If the District wishes to proceed with the proposed loan, please immediately notify Susan J. Riggs, Executive Secretary of the Council, at (304) 558-3612.

Susan J. Riggs
for
RUSSELL L. ISAACS, CHAIRMAN

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL



STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

1201 DUNBAR AVENUE
DUNBAR, WV 25064

Telephone (304) 558-3612
Telecopier (304) 558-0299

May 4, 1995

Ms. Betty A. Robinson, Manager
Opequon Public Service District
Route 2, Box 83A
Martinsburg WV 25401

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL
PRELIMINARY APPLICATION - OPEQUON PUBLIC SERVICE DISTRICT (WATER
PROJECT)

The West Virginia Infrastructure and Jobs Development Council (the "Council") reviewed the Preliminary Application for the above-referenced project and determined that the project is technically feasible within the guidelines of the Act (see attached Water Assessment Committee's comments).

The Council's Funding Committee has determined that financing from local, state and federal agencies is not adequate to ensure reasonable user rates for the system and that financial assistance from the Infrastructure Fund may be needed.

A test case has been filed in the Circuit Court of Kanawha County questioning the constitutionality of the Infrastructure Improvement Amendment. Until these issues have been resolved and the Infrastructure General Obligation Bonds have been approved by the State Supreme Court of Appeals, the Governor cannot issue the bonds. The Council cannot predict if or when the Infrastructure General Obligation Bonds will be issued, and therefore, when moneys will be available in the Infrastructure Fund.

If, after considering how this delay will affect your project, you believe that you must try to proceed without financial assistance from the Infrastructure Fund, please notify the Council at the above address.

Daniel B. Isaacs
RUSSELL L. ISAACS - CHAIRMAN

Attachments

**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority and Calvin B. Dorsey, Chairman of Opequon Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 25th day of June, 1997, the Authority received the Issuer's Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund), numbered R-1, in the principal amount of \$3,339,090, issued as a single, fully registered Bond, and dated June 25, 1997 (the "Bonds").

2. At the time of such receipt of the Bonds upon original issuance, the Bonds had been executed by the Chairman of the Public Service Board of the Issuer, by his manual signature, and attested by the Secretary of the Public Service Board of the Issuer, by his manual signature, and the official seal of the Issuer had been impressed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of \$220,450, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

IN WITNESS WHEREOF, WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and OPEQUON PUBLIC SERVICE DISTRICT have caused this receipt to be duly executed and delivered by their respective duly authorized officers, as of this 25th day of June, 1997.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By Barbara B. Meadows
Authorized Representative

OPEQUON PUBLIC SERVICE DISTRICT

By Calvin B. Dorsey
Chairman

**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

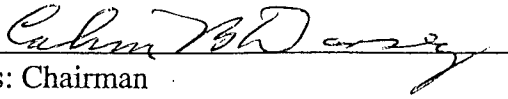
There are delivered to you herewith:

- (1) Bond No. R-1, constituting the entire original issue of Opequon Public Service District Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund), in the principal amount of \$3,339,090, dated June 25, 1997 (the "Bonds"), executed by the Chairman and Secretary of Opequon Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to the Bond Resolution duly adopted by the Issuer on June 25, 1997, and the Supplemental Resolution duly adopted by the Issuer on June 25, 1997 (the "Bond Legislation");
- (2) A copy of the Bond Legislation authorizing the above Bond issue, duly certified by the Secretary of the Issuer;
- (3) Executed Loan Agreement relating to the Bonds, dated June 25, 1997, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Loan Agreement"); and
- (4) Signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of \$220,450, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 25th day of June, 1997.

OPEQUON PUBLIC SERVICE DISTRICT

By 
Its: Chairman

CHS/99321

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1

\$3,339,090.00

KNOW ALL MEN BY THESE PRESENTS: That OPEQUON PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of THREE MILLION THREE HUNDRED THIRTY-NINE THOUSAND NINETY DOLLARS (\$3,339,090.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing on December 1, 1997, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference, without interest, except that the final installment shall be paid on December 1, 2017 in the sum of the unpaid principal on the date thereof.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may only be redeemed prior to its stated date of maturity in whole or in part with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, on behalf of the Council, dated June 25, 1997, provided, however, this Bond is subject to mandatory redemption at the times, in the amounts and in the manner as follows:

This Bond shall also be subject to mandatory redemption commencing on December 1, 1998, and on the first day of each December thereafter so long as any of this Bond remains Outstanding in the amounts as follows:

On the date of issuance of this Bond, the Issuer shall certify to the Authority and the Council the names and addresses of all customers receiving water service as of such

date from the recently constructed 12-inch main approximately 565 feet in length connecting the facilities of Quad/Graphics, Inc. to the System (the "Quad/Graphics Extension"). Simultaneously with the issuance of the Completion Certificate by the Consulting Engineer in accordance with Section 6.01F of the Bond Legislation, the Issuer shall certify to the Authority and the Council the names and addresses of all new customers (i.e., new customers of the System that were not customers of the System on June 25, 1997) receiving water service directly from (i) the Quad/Graphics Extension, (ii) the extension constituting the Project, (iii) any extension receiving its water through either (i) or (ii) ((i), (ii) and (iii) are collectively referred to herein as the "Extensions") and (iv) any customers located in the Berkeley County Industrial Park at Cumbo Yard ("Cumbo Yard") other than Quad/Graphics, Inc. as of that date (collectively, the "Base Customer List"), provided, however, except as noted in (iv) above, in no event shall customers be included on the Base Customer List that are connected to the System beyond the terminus of the Project nor shall Quad/Graphics, Inc. be included in the Base Customer List. As part of the Issuer's annual audit, the Issuer shall require the Independent Certified Public Accountants to provide certification as of June 30 of each Fiscal Year, based on the audit, the Base Customer List and the new customers of the Extensions or in Cumbo Yard, of the prepayment amount. The prepayment calculation shall be as follows:

The sum of:

(a) The number of gallons of water purchased from the Issuer in such Fiscal Year by Quad/Graphics, Inc. in excess of 50,000 gallons per day, calculated on a monthly basis;

(b) The number of gallons of water purchased from the Issuer in such Fiscal Year by customers located in Cumbo Yard other than Quad/Graphics, Inc.; and

(c) The number of gallons of water purchased from the Issuer in such Fiscal Year by customers receiving water service directly from the Extensions that (i) are on the Base Customer List, (ii) have assumed the water service of customers on the Base Customer List; or (iii) are new customers of the System that connected to the Extensions after the date of completion of the Project, provided, however, in no event shall there be included in such amount water purchased by customers connected to the System beyond the terminus of the Project;

multiplied by the debt service component of \$.00157.

For the purposes of this calculation no customer shall be counted more than once.

If the calculated amount is less than \$500, no prepayment is required. If the calculated amount is equal to or exceeds \$500, such payment shall be remitted to the Paying Agent on the November 1st following the end of the Fiscal Year. The Issuer shall provide notice to the Paying Agent, the Authority and the Council of the prepayment amount along with the audit and certification from the Independent Certified Public Accountants not less than 15 days prior to the prepayment date. The Paying Agent shall remit such prepayment amount to the Authority on behalf of the Council on the following December 1st.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay the Waterworks System Bond Anticipation Notes, Series 1996 of the Issuer; (iii) to pay certain remaining costs of the Prior Project, as defined in the Bond Legislation described below; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on June 25, 1997 and a Supplemental Resolution duly adopted by the Issuer on June 25, 1997 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE WATER REVENUE BONDS, SERIES 1993, OF THE ISSUER, ISSUED JULY 29, 1993, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$10,257,957 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation), on a parity with the pledge of the Net Revenues in favor of the holders of the Prior Bonds, to be derived from the operation of the System, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1997 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer

be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1997 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1997 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding prior to or on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project, the payment of the Waterworks System Bond Anticipation Notes, Series 1996, and the payment of the remaining costs of the Prior Project, all as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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 the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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


IN WITNESS WHEREOF, OPEQUON PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated June 25, 1997.

OPEQUON PUBLIC SERVICE DISTRICT

[SEAL]


Chairman

ATTEST:


Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 25, 1997.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar


By 
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	<u>Amount</u>	<u>Date</u>		<u>Amount</u>	<u>Date</u>
(1)	\$220,450	June 25, 1997	(7)	\$	
(2)	\$		(8)	\$	
(3)	\$		(9)	\$	
(4)	\$		(10)	\$	
(5)	\$		(11)	\$	
(6)	\$		(12)	\$	

Total \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

Opequon Public Service District, West Virginia
Infrastructure Loan \$3,339,090
20 Years, 0% Interest

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1997	-	-	-
12/01/1997	41,223.34	-	41,223.34
3/01/1998	41,223.34	-	41,223.34
6/01/1998	41,223.34	-	41,223.34
9/01/1998	41,223.34	-	41,223.34
12/01/1998	41,223.34	-	41,223.34
3/01/1999	41,223.34	-	41,223.34
6/01/1999	41,223.34	-	41,223.34
9/01/1999	41,223.34	-	41,223.34
12/01/1999	41,223.34	-	41,223.34
3/01/2000	41,223.34	-	41,223.34
6/01/2000	41,223.34	-	41,223.34
9/01/2000	41,223.34	-	41,223.34
12/01/2000	41,223.34	-	41,223.34
3/01/2001	41,223.34	-	41,223.34
6/01/2001	41,223.34	-	41,223.34
9/01/2001	41,223.34	-	41,223.34
12/01/2001	41,223.34	-	41,223.34
3/01/2002	41,223.34	-	41,223.34
6/01/2002	41,223.34	-	41,223.34
9/01/2002	41,223.34	-	41,223.34
12/01/2002	41,223.34	-	41,223.34
3/01/2003	41,223.34	-	41,223.34
6/01/2003	41,223.34	-	41,223.34
9/01/2003	41,223.34	-	41,223.34
12/01/2003	41,223.34	-	41,223.34
3/01/2004	41,223.34	-	41,223.34
6/01/2004	41,223.34	-	41,223.34
9/01/2004	41,223.34	-	41,223.34
12/01/2004	41,223.33	-	41,223.33
3/01/2005	41,223.33	-	41,223.33
6/01/2005	41,223.33	-	41,223.33
9/01/2005	41,223.33	-	41,223.33
12/01/2005	41,223.33	-	41,223.33
3/01/2006	41,223.33	-	41,223.33
6/01/2006	41,223.33	-	41,223.33
9/01/2006	41,223.33	-	41,223.33
12/01/2006	41,223.33	-	41,223.33
3/01/2007	41,223.33	-	41,223.33
6/01/2007	41,223.33	-	41,223.33
9/01/2007	41,223.33	-	41,223.33
12/01/2007	41,223.33	-	41,223.33
3/01/2008	41,223.33	-	41,223.33
6/01/2008	41,223.33	-	41,223.33
9/01/2008	41,223.33	-	41,223.33

Opequon Public Service District, West Virginia
Infrastructure Loan \$3,339,090
20 Years, 0% Interest

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2008	41,223.33	-	41,223.33
3/01/2009	41,223.33	-	41,223.33
6/01/2009	41,223.33	-	41,223.33
9/01/2009	41,223.33	-	41,223.33
12/01/2009	41,223.33	-	41,223.33
3/01/2010	41,223.33	-	41,223.33
6/01/2010	41,223.33	-	41,223.33
9/01/2010	41,223.33	-	41,223.33
12/01/2010	41,223.33	-	41,223.33
3/01/2011	41,223.33	-	41,223.33
6/01/2011	41,223.33	-	41,223.33
9/01/2011	41,223.33	-	41,223.33
12/01/2011	41,223.33	-	41,223.33
3/01/2012	41,223.33	-	41,223.33
6/01/2012	41,223.33	-	41,223.33
9/01/2012	41,223.33	-	41,223.33
12/01/2012	41,223.33	-	41,223.33
3/01/2013	41,223.33	-	41,223.33
6/01/2013	41,223.33	-	41,223.33
9/01/2013	41,223.33	-	41,223.33
12/01/2013	41,223.33	-	41,223.33
3/01/2014	41,223.33	-	41,223.33
6/01/2014	41,223.33	-	41,223.33
9/01/2014	41,223.33	-	41,223.33
12/01/2014	41,223.33	-	41,223.33
3/01/2015	41,223.33	-	41,223.33
6/01/2015	41,223.33	-	41,223.33
9/01/2015	41,223.33	-	41,223.33
12/01/2015	41,223.33	-	41,223.33
3/01/2016	41,223.33	-	41,223.33
6/01/2016	41,223.33	-	41,223.33
9/01/2016	41,223.33	-	41,223.33
12/01/2016	41,223.33	-	41,223.33
3/01/2017	41,223.33	-	41,223.33
6/01/2017	41,223.33	-	41,223.33
9/01/2017	41,223.33	-	41,223.33
12/01/2017	41,223.32	-	41,223.32
TOTAL	3,339,090.00	-	3,339,090.00

ASSIGNMENT

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

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

Dated: _____, 19____.

In the presence of:

CHS/101880

BOWLES RICE
McDAVID GRAFF & LOVE, P.L.L.C.

ATTORNEYS AT LAW

1000 TECHNOLOGY DRIVE, SUITE 1330
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-4000

600 QUARRIER STREET
POST OFFICE BOX 1386
CHARLESTON, WEST VIRGINIA 25325-1386
TELEPHONE 304-347-1100
FACSIMILE 304-343-2867

1200 VINE CENTER TOWER
333 WEST VINE STREET
LEXINGTON, KENTUCKY 40507
TELEPHONE 606-225-8700

105 WEST BURKE STREET
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-0836

206 SPRUCE STREET
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-284-4013

601 AVERY STREET
PARKERSBURG, WEST VIRGINIA 26102
TELEPHONE 304-485-8500

633 STARKS BUILDING
455 SOUTH FOURTH STREET
LOUISVILLE, KENTUCKY 40202
TELEPHONE 502-589-0500

ONE DAVE COWENS DRIVE
ONE RIVERFRONT PLACE, SUITE 950
NEWPORT, KENTUCKY 41071
TELEPHONE 606-581-8700

June 25, 1997

WRITERS DIRECT DIAL NUMBER

(304) 347-11129

(304) 343-3058 (fax)

E-MAIL

csiegri@bowlesrice.com

Opequon Public Service District
Route 2, Box 83A
Martinsburg, West Virginia 25401-96022

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

West Virginia Infrastructure and
Jobs Development Council
1320 One Valley Square
Charleston, West Virginia 25301

RE: Opequon Public Service District
Water Revenue Bonds, Series 1997
(West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by the Opequon Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$3,339,090 Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined a certified copy of proceedings and other papers relating to the authorization of a loan agreement dated June 25, 1997 including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development

BOWLES RICE
McDAVID GRAFF & LOVE, P.L.L.C.

Opequon Public Service District
West Virginia Water Development Authority
West Virginia Infrastructure and Jobs
Development Council
June 25, 1997
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Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are in the principal amount of \$3,339,090, issued in the form of one bond registered as to principal to the Authority, with no interest and with principal payable March 1, June 1, September 1 and December 1, of each year commencing December 1, 1997, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"), (ii) to pay the Waterworks System Bond Anticipation Notes, Series 1996 of the Issuer, (iii) to pay certain remaining costs of the Prior Project, as defined in the Local Act described below, and (iv) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the Bond Resolution duly adopted by the Issuer on June 25, 1997, as supplemented by a Supplemental Resolution duly adopted on June 25, 1997 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Bonds are authorized and issued and the Loan Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the consent of the Authority.
3. The Issuer is a duly organized and presently existing public service district, public corporation and political subdivision of the State of West Virginia with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in

BOWLES RICE
McDAVID GRAFF & LOVE, P.L.L.C.

Opequon Public Service District
West Virginia Water Development Authority
West Virginia Infrastructure and Jobs
Development Council
June 25, 1997
Page 3

the Loan Agreement and to issue and sell the Bonds, all under the Local Statute and other applicable provisions of law.

4. The Issuer has legally and effectively enacted the Local Act and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer in connection with the issuance and sale of the Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds are valid and legally enforceable special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the Net Revenues of said System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1993, in accordance with the terms of the Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. The Bonds are, under the Local Statute, exempt from direct taxation by the State of West Virginia, and the other taxing bodies of the State.

7. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Bonds, as provided in the Local Act.

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

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

Very truly yours,

BOWLES RICE McDAVID GRAFF & LOVE, P.L.L.C.

Bowles Rice McDavid Graff & Love, P.L.L.C.

Law Offices of Hoy Shingleton

1446-24 Edwin Miller Boulevard
Martinsburg, WV 25401

(304) 262-4773 Telephone
(304) 262-4775 Facsimile

shinglet@access.mountain.net

June 25, 1997

Opequon Public Service District
Route 2 Box 83A
Martinsburg, West Virginia 25401-9602

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

West Virginia Infrastructure & Jobs Development Council
1320 One Valley Square
Charleston, West Virginia 25301

Bowles Rice McDavid Graff & Love, P.L.L.C.
600 Quarrier Street
Charleston, West Virginia 25301

RE: Opequon Public Service District
Water Revenue Bonds, Series 1997
(West Virginia Infrastructure Fund)

Ladies and Gentlemen:

I am counsel to the Opequon Public Service District, a public service district, in Berkeley County, West Virginia (the "Issuer"). As such counsel, I have examined the Loan Agreement for the above-captioned Bonds (the "Bonds") dated June 25, 1997, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on June 25, 1997, as supplemented by the Supplemental Resolution duly adopted by the Issuer on June 25, 1997 (collectively, the "Local Act"), and other documents, papers, agreements, instruments and certificates relating to the Bonds and orders of the County Commission of Berkeley County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. Terms used in said Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

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

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer, and assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
4. The Local Act has been duly adopted by the Issuer and is in full force and effect.
5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement, and the Local Act, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.
6. The Issuer has received, or there have been entered, all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Berkeley County and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. All proper parties have duly waived their respective rights to appeal the Recommended Decision of the Administrative Law Judge of the Public Service Commission of West Virginia entered May 22, 1997, in Case No. 96-0478-PWD-CN, which Recommended Decision became the Final Order of the Public Service Commission of West Virginia entered May 30, 1997. Such Recommended Decision, among other things, grants to the Issuer a certificate of public convenience and necessity for the Project and approves the issuance of the Bonds and the rates and charges for the services of the System.

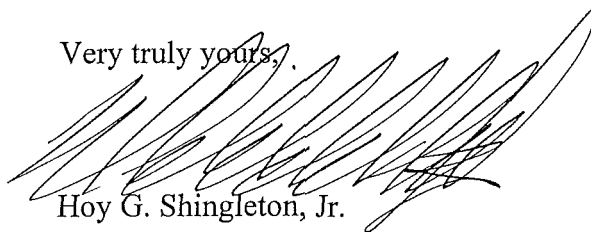
Opequon Public Service District
West Virginia Water Development Authority
West Virginia Infrastructure & Jobs Development Council
Bowles Rice McDavid Graff & Love, P.L.L.C.
June 25, 1997
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7. The Issuer has duly published a notice of the acquisition and construction of the Project, issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

8. To the best of my knowledge after due inquiry, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely effect the transactions contemplated by the Loan Agreement, the Bonds, the Local Act, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Hoy G. Shingleton, Jr.", written over the typed name.

Hoy G. Shingleton, Jr.

**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACT
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES; PUBLIC SERVICE COMMISSION ORDER
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
15. SPECIMEN BOND
16. CONFLICT OF INTEREST
17. CERTIFICATION WITH RESPECT TO QUAD/GRAPHICS EXTENSION
18. PAYMENT OF BOND ANTICIPATION NOTES

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Opequon Public Service District, in Berkeley County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$3,339,090 Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund), all dated the date hereof (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer adopted June 25, 1997, and the Supplemental Resolution adopted June 25, 1997 (collectively, the "Local Act").

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

existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACT: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia of 1931. Charles E. Brake Co., Inc. has submitted the lowest bid for the construction contract and the Issuer has entered into a construction contract with such contractor for the Project.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal, and managerial capabilities necessary to complete the Project. There are no outstanding debt obligations of the Issuer which are secured by revenues and/or assets of the System other than the Bonds and the Prior Bonds. The Bonds are issued on a parity, with respect to liens, pledge and source of and security for payment, with the Prior Bonds. The Issuer is in compliance with all covenants and requirements of the Prior Resolution and has received a certificate from an Independent Certified Public Accountant that the Issuer has met the parity test requirement set forth in the Prior Resolution. Based upon the preceding certification, the Issuer has obtained the consent of the Holder of the Prior Bonds to the aforesaid relative priorities between the Bonds and the Prior Bonds. The Issuer has met the requirements of the Prior Resolution for the Bonds to be issued on a parity with respect to the Prior Bonds.

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

Certified copies of Orders of the County Commission of Berkeley County proposing and creating the Issuer.

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

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

Bond Resolution.

Supplemental Resolution.

Rules of Procedure of Public Service Board.

Affidavits of Publication on Borrowing.

Minutes of 1997 Organizational Meeting of Public Service Board.

Minutes on Adoption of Bond Resolution and Supplemental Resolution.

Loan Agreement.

Infrastructure Council Approval.

Certificate of Certified Public Accountant.

Recommended Decision of Administrative Law Judge of the Public Service Commission of West Virginia (the "PSC") entered May 22, 1997, which became the Final Order of the PSC on June 4, 1997.

Commission Order of the PSC entered May 30, 1997.

Consent of Prior Bondholder to Issuance of Parity Bonds.

Certificate of Satisfaction and Payment with Respect to Bond Anticipation Notes.

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

<u>Name</u>	<u>Date of Commencement of Term</u>	<u>Date of Termination of Term</u>
Calvin B. Dorsey	March 1, 1973	December 31, 2002
Gerald R. Arndt	June 24, 1975	December 31, 2000
Karl J. Keller	July 1, 1997*	June 30, 2003

*Since Mr. Keller's term has not begun, he did not participate in this matter.

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1997 are as follows:

Chairman	-	Calvin B. Dorsey
Secretary	-	Gerald R. Arndt
Treasurer	-	Gerald R. Arndt

The duly appointed and acting counsel to Issuer is Hoy G. Shingleton, Jr., Martinsburg, West Virginia.

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

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. All insurance for the System

required by the Local Act is in full force and effect. The System is not presently covered by a policy of flood or business interruption insurance, but will be if such coverage becomes available at reasonable cost.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations made in the Loan Agreement.

11. RATES, PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia, entered May 22, 1997, which became the Final Order of the Public Service Commission of West Virginia on June 4, 1997 pursuant to the Commission Order of the Public Service Commission of West Virginia entered May 30, 1997 (Case No. 96-0478-PWD-CN), which Recommended Decision, among other things, grants to the Issuer a certificate of public convenience and necessity for the Project and approves the rates and charges for the services of the System and approves and consents to the issuance of the Bonds and the financing for the Project and the Issuer has adopted a resolution prescribing such rates and charges. All intervenors duly waived their respective rights to appeal said Final Order and the staff of the Public Service Commission of West Virginia has indicated that it does not have the right to do so. The Issuer represents that it will not appeal said Final Order. No other parties are entitled to appeal said Final Order.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, dated June 25, 1997 by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon such certificate representing said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof the Issuer received from the Authority and the Council \$220,450, being the first advance of the principal amount of the Bonds being more than a de minimis amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as the acquisition and the construction of the Project progresses.

14. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published any required notice with respect to, among other things, the acquisition and

construction of the Project, anticipated user rates and charges, issuance of the Bonds and filing of a formal application for a Certificate of Public Convenience and Necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia of 1931, as amended.

15. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

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

17. CERTIFICATION WITH RESPECT TO QUAD/GRAPHICSEXTENSION. As required by Section 1.B. of the Supplemental Resolution, the Issuer hereby certifies that the only customer receiving water service from the Quad/Graphics Extension, as defined in the Supplemental Resolution, on the date hereof is Quad/Graphics, Inc. whose address is Route 2, Box 145A, P. O. Box 499, Martinsburg, West Virginia 25401.

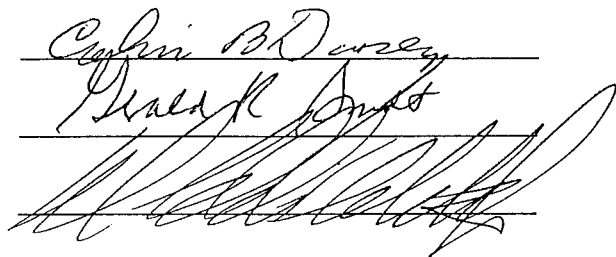
18. PAYMENT OF THE BOND ANTICIPATION NOTES. On the date hereof, the Issuer remitted the sum of \$33,400.16 to One Valley Bank - East, National Association, as holder of the Bond Anticipation Notes, and such Bond Anticipation Notes, including all accrued interest thereon, have been fully paid and satisfied.

WITNESS our signatures and the official seal of OPEQUON PUBLIC SERVICE DISTRICT on this 25th day of June, 1997.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



Chairman

Secretary

Counsel to Issuer

CERTIFICATE OF CONSULTING ENGINEER

OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND)

I, David T. Lewis, Registered Professional Engineer, West Virginia License No. 12707, of Acer Engineers & Consultants, Inc., Consulting Engineers, having offices at 270 Granite Run Drive, Lancaster, Pennsylvania, hereby certify that my firm is engineer for the acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system (the "Project") of Opequon Public Service District (the "Issuer") to be constructed in Berkeley County, West Virginia, which construction, acquisition, engineering and other necessary related activities are being permanently financed by a portion of the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. It is anticipated that the Bonds will be purchased by the West Virginia Water Development Authority (the "Authority"). Capitalized words not defined herein shall have the meaning set forth in the Bond Resolution passed by the Public Service Board of the Issuer on June 25, 1997, effective on June 25, 1997, the Loan Agreement for the Bonds by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") dated June 25, 1997 (the "Loan Agreement").

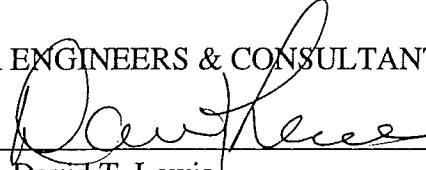
1. The Bonds are being issued for the purpose of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) paying the Bond Anticipation Notes; (iii) paying the remaining costs of the Prior Project; and (iv) paying costs of issuance and related costs.

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority and the Council requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and its major structures have an estimated useful life of at least twenty-one (21) years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the Public Service Board of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of any grants irrevocably committed therefor and the funds committed therefor by the Issuer are sufficient to pay the costs of construction, acquisition, engineering and other necessary related activities of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

3. The Prior Project is substantially complete.

WITNESS my signature on this 25th day of June, 1997.

ACER ENGINEERS & CONSULTANTS, INC.

By 
David T. Lewis
Its: Project Manager

West Virginia License No. 12707

[SEAL]

CHS/99353

**WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL
SCHEDULE B**

**NAME OF GOVERNMENTAL AGENCY: Opequon Public Service District
PROJECT DESCRIPTION: 24" Transmission Main**

**FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS
AND COST OF FINANCING**

A. COST OF PROJECT

1.	Construction (Based on Actual Bids)	\$2,392,215.00
a.	Potomac River Water Plant	\$ 295,000.00
2.	Technical Services	\$ 226,670.00
3.	Legal and Fiscal	\$ 56,005.00
4.	Administrative	\$ 25,000.00
5.	Site and Other Lands	\$ 25,000.00
6.	Quad/Graphics Extension and Completion of Potomac River Water Plant-Interim Financing	\$ 35,000.00
7.	Interim Financing Costs	\$
8.	Contingency	\$ 269,200.00
9.	Total of Lines 1 through 8	\$3,324,090.00

B. SOURCES OF FUNDS

10.	Federal Grants (Specify Sources):	\$ _____

11.	State Grants (Specify Sources):	\$ _____

12.	Other Grants (Specify Sources):	\$ _____

13.	Any Other Source (Specify):	\$ _____

14.	Infrastructure Council Grant	\$ _____
15.	Total of Lines 10 through 14	\$ _____
16.	Net Proceeds Required from Bond Issue (Line 9 less Line 15)	\$3,324,090.00

C. IF BOND ISSUE, COST OF FINANCING

17.	Funded Reserve Account	\$ _____
18.	Other Costs	\$ 15,000.00
19.	Total Cost of Financing (Lines 17 and 18)	\$ 181,230.00
20.	Size of Bond Issue (Line 16 plus Line 19)	\$3,339,090.00

**CERTIFICATE DESIGNATING AUTHORIZED
SIGNATORIES FOR CONSULTING ENGINEER**

TO:

One Valley Bank - East
National Association
Martinsburg, West Virginia

RE: Opequon Public Service District Water Revenue Bonds, Series 1997
Bonds (West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

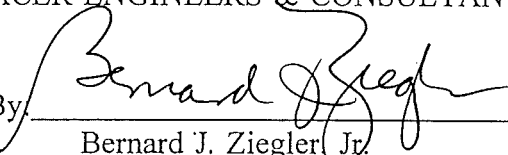
The following individual(s) is/are designated as Authorized Signatory for the purpose of signing on the Requisition forms for the above-referenced Bonds:

David T. Lewis

Witness my signature this 25th day of June, 1997.

ACER ENGINEERS & CONSULTANTS, INC.

By


Bernard J. Ziegler, Jr.
Its: Executive Vice President



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS, LLP

OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25065

West Virginia Infrastructure and
Jobs Development Council
1320 One Valley Square
Charleston, West Virginia 25301

Opequon Public Service District
Route 2, Box 83A
Martinsburg, West Virginia 25401

Bowles Rice McDavid Graff & Love, PLLC
600 Quarrier Street
Charleston, West Virginia 25301

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia dated May 22, 1997, in Case No. 96-0478-PWD-CN, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Opequon Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to the West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including the Issuer's Water Revenue Bonds, Series 1993 (the "Prior Bonds"). It is our further opinion that the Net Revenues, as defined in the Bond Resolution authorizing the issuance of the Bonds, actually derived from the System during 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by such Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding year for the principal of and interest of the Prior Bonds and the Bonds. There will usually be difference between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this letter for events and circumstances occurring after the date of this letter.

Very truly yours,

COX NICHOLS HOLLIDA, CPAs
AND CONSULTANTS, LLP

*Cox Nichols Hollida, CPAs
and Consultants, LLP*

Martinsburg, West Virginia
June 25, 1997

kjm-0023

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

101 N. Spring Street
P.O. Box 1207
Martinsburg, West Virginia 25402-1207
Phone: 304/263-0891 • Fax: 304/263-0997

STATE OF WEST VIRGINIA, }
COUNTY OF BERKELEY, } TO WIT:

I, John W. Small, Jr., Clerk of the County Court of Berkeley County,
a Court of record in and for said County and State, do certify that the foregoing is a true, ac-
curate and complete copy of the creation of the Opequon Public Service District

as the same appears of record in the Office of the said Clerk of the County Court in Minute
Book No. 16, Page 457.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said court, at my office,
in said County, this 23rd day of May, 1997.

John W. Small, Jr.
Clerk of the County Court of Berkeley County, W. Va.

Minute Book No. 16 County Court of Berkeley County, West Virginia

IN RE: SALARY FOR NEW DEPUTY ASSESSORS

This day John R. Crowl, Assessor, appeared in Open Court and presented his list of salaries for the new deputies appointed by him as follows:

Frederick R. Snapp, \$150.00 per month
Robert B. Fleming, \$150.00 per month
John M. Wyndham, Jr. \$200.00 per month

Said salaries as listed above are hereby approved.

Ordered that Court adjourn to meet Friday, January 20, 1961, at 10:30 o'clock A.M.

E. L. Little
January 19, 1961

PRES.

IN Vacation of Court

IN RE: QUALIFICATION OF HOWARD W. COLLINS
AS NOTARY PUBLIC

This day personally appeared in this office in Vacation of Court, Howard W. Collins, who had heretofore been commissioned a Notary Public in and for Berkeley County, and qualified as such notary by taking the oath required by law and executing bond conditioned according to law in the penalty of \$500.00, with Edgar G. Clark, as his surety.

Teste:

Edgar G. Clark
January 20, 1961

CLERK

Court Met Pursuant to Adjournment.

Present: Ernest C. Alther, Pres.,
William F. Reid, Commr.,
Edmond S. Williams, Commr.

Bills against the County were audited, approved and ordered paid by warrants drawn on their respective funds, of even date herewith, which are hereby made a part of this record.

IN RE: OPEQUON PUBLIC SERVICE DISTRICT

IN THE COUNTY COURT OF BERKELEY COUNTY, WEST VIRGINIA

IN THE MATTER OF THE CREATION OF A PUBLIC SERVICE DISTRICT
UNDER THE PROVISIONS OF ARTICLE 13A, CHAPTER XVI, OF THE
CODE OF WEST VIRGINIA, TO BE KNOWN AS OPEQUON PUBLIC SERVICE
DISTRICT

This matter came on again to be heard at 10:30 A. M., on this the 20th day of January, 1961; upon the petition of more than one hundred legal voters resident within the territory of the proposed district theretofore being filed with the County Court Clerk of Berkeley County, West Virginia, on the 30th day of December, 1960; upon a date for hearing on the creation of such district being set not more than forty days or not less than twenty days from the filing of such petition; upon notice of hearing having been published in The Martinsburg Journal, a newspaper of general circulation published in Berkeley County, West Virginia, on the 6th day of January, 1961, being at least 10 days prior to the time set for said hearing on this date; upon the appearance of Luke E. Terry, Attorney for the petitioners, and the appearance of William H. Dean, Sanitarian of the Berkeley County Public Health Department; upon the appearance of John Myrick, R. E. Lutz, Billy Lopp, and divers other persons residing in or owning or having an interest in property in Opequon Magisterial District; upon no protest being made by any person present and there not being filed any protest or petition in writing in opposition to the creation of such proposed public service district by any resident of the said district or by any other person or party; upon all prior orders and actions heretofore entered in this matter by this court; and upon the due consideration of this court as to all of the evidence before it and of its own consideration of the feasibility of the creation of such proposed public service district.

Upon consideration of all which, it appearing to the Court that such proposed public service district is feasible, the court does hereby determine and decree that the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement, and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of the said Opequon Magisterial District of Berkeley County, West Virginia.

IT IS THEREFORE, HEREBY ADJUDGED, ORDERED AND DECREED, that there shall be, and there is, hereby created a public service district under the provisions of Article 13A, Chapter XVI, of the Code of West Virginia, to be known as OPEQUON PUBLIC SERVICE DISTRICT, to be a public corporation and a political subdivision of the State of West Virginia, with powers of perpetual succession and such other powers granted by law, embracing and having such powers and jurisdiction under and in the manner provided by said Article 13A, as amended, embracing and having such powers and jurisdiction over the territorial limits of Opequon Magisterial District of Berkeley County, West Virginia, and all powers of such public service district shall be vested in and exercised by a public service board consisting of Three (3) members who shall hereafter be appointed by this Court, and who shall be persons residing

within the limits of Opequon Magisterial District, which said three (3) members shall become members of and constitute the said public service board of said Opequon Public Service District without any further act or proceedings.

IN RE: COST OF FEEDING JAIL PRISONERS

Upon advice by Simpson S. Hamrick, Justice of the Peace Auditor, the cost of feeding prisoners while confined in the County Jail, is hereby increased from \$1.50 to \$2.00 per day, said increase to become effective on the 1st day of February, 1961.

It is further ordered that a copy of this record be mailed to all Justice of the Peace in Berkeley County, who shall govern themselves accordingly.

Ordered that Court adjourn to meet Tuesday, January 24, 1961, at 10:30 A. M.

E. C. Alther PRES.

January 24, 1961

Court Met Pursuant to Adjournment.

Present: Ernest C. Alther, Pres.,
William F. Reid, Commr.,
Edmond S. Williams, Commr.

Bills against the County were audited, approved and ordered paid by warrants drawn on their respective funds, of even date herewith, which are hereby made a part of this record.

IN RE: APPLICATION OF EUGENIA L. WACHTEL
AS NOTARY PUBLIC

Upon the application of Eugenia L. Wachtel, for appointment as Notary Public in and for the County of Berkeley, it was shown to the satisfaction of this Court, that said applicant is a resident of the County from which she seeks appointment, that she is competent to perform the duties of such office, and that she is a person of good moral character, all of which the Clerk of this Court is directed to certify according to law.

IN RE: REAL ESTATE OF DORIS ANNE WILSON

This day appeared in Open Court, Doris W. Small and requested that certain real estate assessed in the name of Doris Anne Wilson, known and described as 1 Acre "Little Georgetown" in Hedgesville District, be assessed on the Land Books of Berkeley County, in the name of Doris W. Small.

And it appearing to the Court that the said Doris W. Small acquired title to said real estate herein described under the name of Doris Anne Wilson, and that she subsequently became the wife of John A. Small, on the 10th day of September, 1960, and that no other person is entitled to any interest in said real estate, it is hereby

ORDERED, That said land, as above set forth, be assessed in the name of Doris W. Small.

It is further ordered that a copy of this record be certified to John R. Crowl, Assessor of Berkeley County.

IN RE: REAL ESTATE OF EDNA C. PINGLEY

This day appeared in Open Court, Edna C. Palmer, and requested that certain real estate assessed in the name of Edna C. Pingley, known and described as "108 Acres Base N. Mtn" in Hedgesville District, be assessed on the Land Books of Berkeley County, in the name of Edna C. Palmer.

And it appearing to the Court that the said Edna C. Palmer acquired title to said real estate herein described under the name of Edna C. Pingley, and that she subsequently became the wife of Silas D. Palmer, on the 3rd day of March, 1955, and that no other person is entitled to any interest in said real estate, it is hereby

ORDERED, That said land, as above set forth, be assessed in the name of Edna C. Palmer.

It is further ordered that a copy of this record be certified to John R. Crowl, Assessor of Berkeley County.

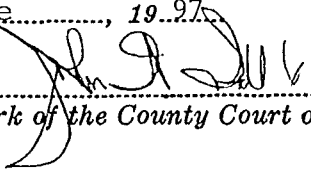
Ordered that Court adjourn to meet Friday, January 27, 1961, at 10:30 o'clock A. M.

E. C. Alther PRES.

STATE OF WEST VIRGINIA, }
COUNTY OF BERKELEY, } TO WIT:

I, John W. Small, Jr., Clerk of the County Court of Berkeley County,
a Court of record in and for said County and State, do certify that the foregoing is a true, ac-
curate and complete copy of the reappointment of C. Bruce Dorsey to the Board of
Directors for the Opequon Public Service District
as the same appears of record in the Office of the said Clerk of the County Court in Minute
Book No. 35, Page 403.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said court, at my office,
in said County, this 24th day of June, 1997.


Clerk of the County Court of Berkeley County, W. Va.

Minute Book No. 35 County Commission of Berkeley County, West Virginia

Commission Minutes of March 20, 1997 - Continued

RE: JOHN MILLER - HEALTH BOARD APPOINTMENT

Commissioner Dunham made a motion for the Commission to appoint John Miller as the Board of Education's representative on the District 6 Health Board, replacing Dr. Queen whose term expires on June 30, 1997. Commissioner Smith seconded the motion. So ordered.

IN RE: KENNETH ENGLEBRIGHT - PAN TRAN REAPPOINTMENT

Commissioner Dunham made a motion for the Commission to reappoint Kenneth Englebright to another three-year term on the Eastern Panhandle Transit Authority Board of Directors, his new term to expire on December 31, 1999.

Commissioner Smith seconded the motion. So ordered.

IN RE: LINDA BARNHART, ROBERT S. BUTLER AND CHARLES DANIELS - PLANNING COMMISSION REAPPOINTMENTS

Commissioner Dunham made a motion for the Commission to reappoint Linda Barnhart, Robert S. Butler and Charles Daniels to new three-year terms on the Berkeley County Planning Commission, their new terms to expire on December 31, 1999.

Commissioner Smith seconded the motion. So ordered.

IN RE: C. BRUCE DORSEY - OPEQUON PUBLIC SERVICE DISTRICT REAPPOINTMENT

Commissioner Dunham made a motion for the Commission to reappoint C. Bruce Dorsey to another six-year term on the Board of Directors for the Opequon Public Service District, his new term to expire on December 31, 2002.

Commissioner Smith seconded the motion. So ordered.

IN RE: DANIEL "BUCK" KNIGHTEN - BOARD OF ZONING APPEALS REAPPOINTMENT

Commissioner Dunham made a motion for the Commission to reappoint Daniel "Buck" Knighten to another three-year term on the Board of Zoning Appeals, his new term to expire on December 31, 1997.

Commissioner Smith seconded the motion. So ordered.

IN RE: BILL NEWBRAUGH AND GENE LEONARD - BOARD OF ZONING APPEALS APPOINTMENTS

Commissioner Dunham made a motion for the Commission to appoint Bill Newbraugh and Gene Leonard to the Board of Zoning Appeals, replacing Albert Perrone and Roy Davis, whose terms expire on December 31, 1997.

Commissioner Smith seconded the motion. So ordered.

IN RE: WILLIAM BARNEY - BOARD OF ZONING APPEALS APPOINTMENT

Commissioner Dunham made a motion for the Commission to appoint William Barney to the Board of Zoning Appeals, replacing Fred G. Butler whose term expires on December 31, 1998.

Commissioner Smith seconded the motion. So ordered.

RE: COMMUNITY RELATIONS ADVISORY COMMITTEE - REAPPOINTMENTS TABLED

Commissioner Smith: I would like to hold off on the appointments to the Community Relations Advisory Committee until we contact those individuals involved.

IN RE: KAREN ASH AND MAX GROVE - RECYCLING COMMITTEE REAPPOINTMENTS

Commissioner Dunham made a motion for the Commission to reappoint Karen Ash and Max Grove to the Recycling Committee.

Commissioner Smith seconded the motion. So ordered.

IN RE: MARTIN'S LANDING

Carol Raines, Leasing Agent for Martin's Landing: What is the Commission's position about Mr. Beegle fighting our water and sewer?

Commissioner Smith: This County Commission has yet to spend a penny or take a position on that issue other than to suggest to the City and the PSD that we should have tried to work this out on our own. At this point, it is in the bosom of the PSC. For us to do anything beyond what is already public record would be a mistake.

Norwood Bentley: The PSC took action yesterday that will probably move the project along.

Commissioner Smith: You are clearly in Opequon PSD's territory.

Carol Raines: But, we are located in the city limits.

Commissioner Smith: That was the issue that went before the PSC.

Carol Raines: It is uncomfortable for the female workers because there is no water or sewer.

Commissioner Smith: The people you work for, their eyes were open since day one.

Carol Raines: The PSC, as I understand it, made a ruling in favor of the City and Mr. Beegle appealed that decision. He told us he will take it to the West Virginia Supreme Court if he needs to to block the City putting in water and sewer.

Commissioner Smith: I do not want to second guess Mr. Beegle or influence what they are doing. I respect that it is in the hands of a PSC hearing officer.

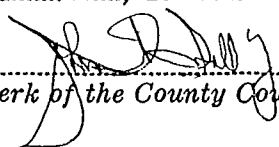
Commissioner Dunham: It is at the mercy of the court. We do not have any part in it.

Commissioner Smith: Our responsibility is to set the boundaries for the PSD's. You are in one of our boundaries even though you have been annexed. We also set the board appointments. Once we have done that, PSC rules and West Virginia State Laws dictate what the PSD's can do. They do that with or without our sing. It is their judgment call to appeal it. I am not sure there is one thing this Commission can do

STATE OF WEST VIRGINIA, }
COUNTY OF BERKELEY, } TO WIT:

I, John W. Small, Jr., Clerk of the County Court of Berkeley County,
a Court of record in and for said County and State, do certify that the foregoing is a true, ac-
curate and complete copy of the Oath of Gerald Arndt as a reappointed member of
the Opequon Public Service District
as the same appears of record in the Office of the said Clerk of the County Court in Minute
Book No. 34, Page 218.

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said court, at my office,
in said County, this 23rd day of June, 19 97.


Clerk of the County Court of Berkeley County, W. Va.

Commission Minutes of January 5, 1995 - Continued

IN RE: BUILDING CODE APPEALS BOARD - REAPPOINTMENTS

Commissioner Murphy made a motion for the Commission to reappoint Bud Casto, Stan Berman, Tom Cronin, and Max Parkinson to the Building Code Appeals Board, their two-year terms expiring December 31, 1996. Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: DEVELOPMENT AUTHORITY - REAPPOINTMENTS

Commissioner Dunham made a motion for the Commission to reappoint Bob Saunders, Greg Ahalt, Blaine Groves, Ted Scott, Ken Mosher, and Daniel R. O'Donnell to the Berkeley County Development Authority, their three-year terms expiring December 31, 1997, and to appoint Sondra Lucht as the replacement for Rev. Walker, whose term expires on December 31, 1995.

Commissioner Smith seconded the motion.

Commissioner Murphy opposed the reappointment of Greg Ahalt but agreed with all the other appointments.

IN RE: AMANDA LEWIS - REAPPOINTMENT AS FIDUCIARY COMMISSIONER

Commissioner Murphy made a motion for the Commission to reappoint Amanda Lewis as fiduciary commission, her six-year term expiring December 31, 2000.

Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: EMERGENCY SERVICES ADVISORY COUNCIL - REAPPOINTMENTS

Commissioner Murphy made a motion for the Commission to reappoint Charles Foreman, term expiring December 31, 1996, and Douglas Fellers, term expiring December 31, 1997, and to appoint Roy Martin, term expiring December 31, 1996 to the Emergency Services Advisory Council.

Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: TAYLOR PERRY - HEALTH BOARD REAPPOINTMENT

Commissioner Murphy made a motion for the Commission to reappoint Taylor Perry to the Berkeley County Health Board, his new five-year term expiring on June 30, 1999.

Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: CHARLES FOREMAN - PAN TRAN REAPPOINTMENT

Commissioner Murphy made a motion for the Commission to reappoint Charles Foreman to the Eastern Panhandle Transit Authority Board of Directors, his new three-year term expiring December 31, 1997.

Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: PLANNING COMMISSION REAPPOINTMENTS

Commissioner Murphy made a motion for the Commission to reappoint Fred Cantt, Ray Brosius, Kay Stout, and John Jeans to the Berkeley County Planning Commission, their new three-year terms expiring on December 31, 1997, and to appoint Jeff Keller as the replacement for Donald Anderson, his term expiring December 31, 1995.

Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: HOWARD COLLINS - BERKELEY COUNTY PUBLIC SERVICE DISTRICT REAPPOINTMENT

Commissioner Murphy made a motion for the Commission to reappoint Howard Collins as a board member on the Berkeley County Public Service District, his new six-year term expiring December 31, 2000.

Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: GREGORY RHOE - HEDGESVILLE PUBLIC SERVICE DISTRICT REAPPOINTMENT

Commissioner Murphy made a motion for the Commission to reappoint Gregory Rhoe as a board member for the Hedgesville Public Service District, his new six-year term expiring December 31, 2000.

Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: CERALD ARNDT - OPEQUON PUBLIC SERVICE DISTRICT REAPPOINTMENT

Commissioner Murphy made a motion for the Commission to reappoint Gerald Arndt as a board member for the Opequon Public Service District, his new six-year term expiring December 31, 2000.

Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: PETER L. MULFORD - REGIONAL HEALTH ADVISORY COMMITTEE REAPPOINTMENT

Commissioner Murphy made a motion for the Commission to reappoint Peter L. Mulford to the Regional Health Advisory Committee, his new three-year term expiring June 15, 1997.

Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: RICHARD ROHN - CONVENTION AND VISITORS' BUREAU REAPPOINTMENT

Commissioner Murphy made a motion for the Commission to reappoint Richard Rohn to the Martinsburg/Berkeley County Convention and Visitors' Bureau, his new three-year term expiring December 31, 1997.

Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: CENTRAL DISPATCH ADVISORY BOARD

Commissioner Murphy made a motion for the Commission to appoint Capt. Richard Steerman as the Police Representative, J. R. Rice as the Ambulance Representative, Thomas Puffinberger as the Fire Representative, and Stephen Allen as the OES Representative on the Central Dispatch Advisory Committee.

Commissioner Dunham seconded the motion. So ordered unanimously.

IN RE: HOWARD W. COLLINS - OATH - BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Howard W. Collins, appointed as a Board Member for the Berkeley County Public Service District, personally appeared on the 5th day of January, 1995, and qualified for said position receiving his Oath of Office.

IN RE: PAMELA JEAN GAMES-NEELY - OATH - PROSECUTING ATTORNEY

Pamela Jean Games-Neely, appointed to the office of Prosecuting Attorney, personally appeared on the 5th day of January, 1995, and qualified for said position receiving her Oath of Office.

STATE OF WEST VIRGINIA, }
COUNTY OF BERKELEY, } TO WIT:

I,John W. Small, Jr.,....., Clerk of the County Court of Berkeley County,
a Court of record in and for said County and State, do certify that the foregoing is a true, ac-
curate and complete copy ofOath of C. Bruce Dorsey as a member of the Board of.....
Directors for the Opequon Public Service District.....
as the same appears of record in the Office of the said Clerk of the County Court inMinute..
Book No.35....., Page430.....

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said court, at my office,
in said County, this24th..... day ofJune....., 19..97..

.....
Clerk of the County Court of Berkeley County, W. Va.

Minute Book No. 35 County Commission of Berkeley County, West Virginia

CAPPO & HARRIS, INC., SPENCER, W. VA. SE-00088 RD 2379-95

Commission Minutes of May 1, 1997 - Continued

Attorney Patrick Henry: Anyone not represented by David Layva or I, will receive notice of the hearing and have a right to be there.

Commissioner Dunham made a motion for the Commission to instruct Maria Childers, fiduciary supervisor, to work out as quickly as possible a commissioner, Susan Snowden if possible, for the Estate of Howard Lee Starliper, deceased.

Commissioner Smith seconded the motion. So ordered.

Howard Wayne Starliper: All of us should receive notice of who is appointed.

IN RE: RESOLUTION - DRUG AND VIOLENT CRIME PROGRAM

Commissioner Dunham made a motion for the Commission to approve the following Resolution pertaining to the Drug and Violent Crime Control Program.

Commissioner Smith seconded the motion. So ordered.

RESOLUTION

The Berkeley County Commission met on May 1, 1997, with a quorum present and passed the following resolution.

Be it resolved that the Berkeley County Commission hereby authorizes Mayor Earnest L. Sparks of the City of Martinsburg to act on its behalf to enter into a contractual agreement with the Criminal Justice and Highway Safety Division to receive and administer grant funds pursuant to provisions of the Drug and Violent Crime Control Program.

/S/ James C. Smith, President
/S/ D. Wayne Dunham, Commissioner

IN RE: WILLIAM R. WIEGEL, JR. - OATH - AMBULANCE AUTHORITY

William R. Wiegel, Jr., appointed as a member of the Berkeley County Emergency Ambulance Authority, personally appeared on the 28th day of April, 1997, and qualified for said position receiving his Oath of Office.

IN RE: THOMAS J. CRONIN - OATH - BUILDING CODE APPEALS BOARD

Thomas J. Cronin, appointed as a member of the Berkeley County Building Code Appeals Board, personally appeared on the 24th day of April, 1997, and qualified for said position receiving his Oath of Office.

IN RE: MICHAEL ROBERTS - OATH - BUILDING CODE APPEALS BOARD

Michael Roberts, appointed as a member of the Berkeley County Building Code Appeals Board, personally appeared on the 22nd day of April, 1997, and qualified for said position receiving his Oath of Office.

IN RE: JOHN BECKER - OATH - BUILDING CODE APPEALS BOARD

John Becker, appointed as a member of the Berkeley County Building Code Appeals Board, personally appeared on the 22nd day of April, 1997, and qualified for said position receiving his Oath of Office.

IN RE: C. BRUCE DORSEY - OATH - OPEQUON PUBLIC SERVICE DISTRICT

C. Bruce Dorsey, appointed as a member of the Board of Directors for the Opequon Public Service District, personally appeared on the 16th day of April, 1997, and qualified for said position receiving his Oath of Office.

IN RE: LINDA BARNHART - OATH - PLANNING COMMISSION

Linda Barnhart, appointed as a member of the Berkeley County Planning Commission, personally appeared on the 16th day of April, 1997, and qualified for said position receiving her Oath of Office.

IN RE: BECKY LINTON - OATH - DEVELOPMENT AUTHORITY

Becky Linton, appointed as a member of the Berkeley County Development Authority, personally appeared on the 11th day of April, 1997, and qualified for said position receiving her Oath of Office.

IN RE: JOHN UNGER, II - OATH - DEVELOPMENT AUTHORITY

John Unger, II, appointed as a member of the Berkeley County Development Authority, personally appeared on the 14th day of April, 1997, and qualified for said position receiving his Oath of Office.

IN RE: W. DAN STEGALL - OATH - DEVELOPMENT AUTHORITY

W. Dan Stegall, appointed as a member of the Berkeley County Development Authority, personally appeared on the 14th day of April, 1997, and qualified for said position receiving his Oath of Office.

IN RE: JOHN M. MILLER, III - OATH - DISTRICT 6 HEALTH BOARD

John M. Miller, III, appointed as a member of the District 6 Health Board, personally appeared on the 17th day of April, 1997, and qualified for said position receiving his Oath of Office.

IN RE: JAMES EDWARD SWECKER - CERTIFICATE TO PERFORM MARRIAGE RITES

James Edward Swecker, having produced a certificate signed by Joseph H. Yeakel, Bishop, stating that James Edward Swecker was ordained Elder in The United Methodist Church by the Baltimore Annual Conference on the 12th day of June, 1988, and under provisions of Chapter 48, Article 1, Section 12-A, is this day, April 16th, authorized to celebrate the rite of matrimony in all counties of the State of West Virginia.

IN RE: RECESS

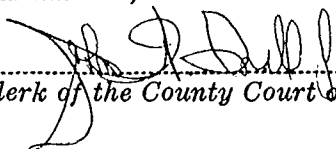
Commissioner Dunham moved for the Commission to recess.
Commissioner Smith seconded the motion. So ordered.

[Handwritten signature]

STATE OF WEST VIRGINIA, }
COUNTY OF BERKELEY, } TO WIT:

I, John W. Small, Jr., Clerk of the County Court of Berkeley County,
a Court of record in and for said County and State, do certify that the foregoing is a true, ac-
curate and complete copy of the Oath of Gerald Arndt as a reappointed member of the
Opequon Public Service District
as the same appears of record in the Office of the said Clerk of the County Court in Minute
Book No. 34 , Page 249

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said court, at my office,
in said County, this 23rd day of June , 19 97


.....
Clerk of the County Court of Berkeley County, W. Va.

Minute Book No. 34 County Commission of Berkeley County, West Virginia

245

CLINT & BARNETT, INC., SPENCER, W. VA. 26059-0000 418-54

Commission Minutes of February 9, 1995 - Continued

IN RE: ERRONEOUS ASSESSMENTS

Commissioner Smith made a motion for the Commission to approve the following exonerations as approved by the assessor and prosecuting attorney.

Commissioner Dunham seconded the motion. So ordered.

Pritt, Thomas Edward and Nancy in the Arden District for the 1994 year. The 1993 GMC Jimmy is a leased vehicle from GWAC. They have declared and paid taxes on it. Account No. 1205831 Exon. \$186.42

Matzureff, George D. and Donna C. in the Gerrardstown District for the 1994 year. Active farm value was not applied and should have been. Account No. 6010210 Exonerated \$1076.46

IN RE: ESTATE OF SHANNON MARIE DARAS, WARD - APPROVED

Commissioner Smith made a motion for the Commission to approve the account of James M. Daras as Guardian of the Estate of Shannon Marie Daras, ward, with no exceptions having been filed thereto and none appearing on the face thereof and the time prescribed by law for exceptions having expired.

Commissioner Dunham seconded the motion. So ordered.

IN RE: PRESENTATIONS FOR REQUESTS FOR FUNDS

Individuals representing the following groups appeared before the Commission and requested funds for fiscal year 1995-96: Apollo Theatre, Pan Tran, Boaman Arts Center, Development Authority, Historic Landmarks Commission, Historical Society, Emergency Food & Shelter Board, United Way, and Single Parent Family Adoption Society.

IN RE: GERALD ARNDT - OATH - OPEQUON PUBLIC SERVICE DISTRICT

Gerald Arndt, reappointed as a member of the Opequon Public Service District, personally appeared on the 3rd day of February, 1995, and qualified for said position receiving his Oath of Office.

IN RE: VICKY LEE LUX - OATH - DEPUTY SHERIFF IN TAX OFFICE

Vicky Lee Lux, appointed as a deputy sheriff in the tax office, personally appeared on the 23rd day of December, 1994, and qualified for said position receiving her Oath of Office.

IN RE: P. H. ELDRIDGE - CERTIFICATE TO PERFORM MARRIAGE RITES

P. H. Eldridge, having produced a certificate signed by Robert Faitheuberg, President, and Ralph Thompson, Secretary, stating that P. H. Eldridge is an ordained minister in good standing in the Seventh-day Adventist Church and is authorized to perform the duties of said office for the period ending August 31, 1995, by order of the General Conference and under provisions of Chapter 48, Article 1, Section 12-A, is this day, December 30, 1994, authorized to celebrate the rite of matrimony in all counties of the State of West Virginia.

IN RE: JOHN W. SWINEHART - CERTIFICATE TO PERFORM MARRIAGE RITES

John W. Swinehart, having produced a certificate signed by Philip Heisler, Elder, dated October 17, 1994, stating that John W. Swinehart is an ordained elder and has served Collingswood Church of Christ in Collingswood, New Jersey, in that capacity since 1989 and under provisions of Chapter 48, Article 1, Section 12 A, is this day, December 28, 1994, authorized to celebrate the rite of matrimony in all counties of the State of West Virginia.

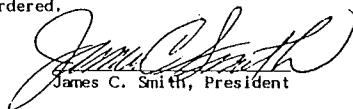
IN RE: REV. CHARLES TRIGGS - CERTIFICATE TO PERFORM MARRIAGE RITES

Rev. Charles Triggs, having produced a certificate signed by Rev. Robert Hill, General Overseer, and Rev. L. R. Chapman, Secretary, stating that Rev. Charles Triggs was ordained a minister in The Full Gospel Pentecostal Church, Inc., of Baltimore, Maryland, on the 24th day of September, 1993, and under provisions of Chapter 48, Article 1, Section 12-A, is this day, February 2, 1995, authorized to celebrate the rite of matrimony in all counties of the State of West Virginia.

IN RE: RECESS

Commissioner Dunham moved for Commission to recess.

Commissioner Smith seconded the motion. So ordered.


James C. Smith, President

Commissioner Dunham made a motion, effective July 1st, for the Commission to appoint Karl Keller to the Opequon PSD Board, fulfilling the unexpired term of John Myers, which expires December 31, 1998, and to appoint John Myers to a six-year term on the Berkeley County PSSD Board, his term expiring June 30, 2003.

Commissioner Smith seconded the motion. So ordered.

Robert Burkhardt: You have my concurrence in the motion.

IN RE: WELLNESS IS AGELESS EVENT

Eileen Dooley: We are sponsoring the 2nd Annual Senior Health and Fitness Day with City Hospital on Wednesday, May 28th. It is a fund raiser for the new senior center. It costs \$5 to register for the walk. Each time you register for an event, it makes you eligible for a door prize. We would like for you to walk with us and wear one of our Berkeley Senior Services' hats.

We received \$3,000 from F&M Bank from the senior summit and the bid opening is scheduled for June 18th.

IN RE: HAZARD MITIGATION UPDATE

Deborah Sheetenhelm: In March of '96, we met with flood victims about a program that was new to the State of West Virginia. Hazard Mitigation allows us to address flood prone areas that consistently flood and find long-term solutions. A number of individuals have expressed an interest in participating in the program.

Al Lisko: FEMA is working on the options reports we said would be done. It has taken longer than anyone anticipated due to the May and June flooding in other parts of the State. FEMA now has the information and will be doing the actual reports.

The information I presented to you last March is quite accurate. The program is still in place. The project is funded 75 percent by FEMA. The legislature did appropriate the 25 percent matching funds and those funds were placed in FEMA's budget. The matching funds for the January and September floods are in place. We are waiting for project approval.

Congressman Wise contacted FEMA and received a commitment that Berkeley County would be the first one done. Prioritization is still done by the State so there is no assurance of funding for any project.

People have not dropped out of the process because of the length of time. This shows that those individuals who were willing to consider the program initially are sincerely interested in lowering their flood risk. As soon as we receive the option report, we will present it to you for your review and then schedule public meetings to present the information to the individuals.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON
CASE MP 96-0478-PWD-CN
OPEQUON PUBLIC SERVICE
DISTRICT

NOTICE OF HEARING

On November 21, 1996, the Opequon Public Service District (District), a public utility, Berkeley County, filed an application with the Public Service Commission, pursuant to West Virginia Code 24-2-11, for a certificate of public convenience and necessity to allow the District to improve its ability to serve its existing customers and also to provide transmission facilities to serve future customers by building, operating and maintaining approximately 24,000 feet of 24-inch transmission main leading from the District's recently constructed Potomac River water production facility to an existing 12-inch transmission main on the West side of Interstate 81, including constructing a 12-inch line to serve the Berkeley County Industrial Park; for approval of financing incidental to providing such service, and for approval of rates and charges incidental to providing such service.

The District previously published a Notice of Filing, including proposed increased rates and charges, on December 16, 1996, in *The Journal*, a newspaper published and generally circulated in Berkeley County. Public protest were filed with the Commission. The Staff of the Public Service Commission, after reviewing the District's financial books and records, has recommended increased rates and charges which are less than those proposed by the District. Should the Commission approve the proposed project, the Commission may approve rates which are the same as, less than or greater than the proposed rates.

Deputy Chief Administrative Law Judge Ronnie Z. McCann will convene a hearing in this matter in the Council Chambers, City Hall, 232 North Queen Street, Martinsburg, West Virginia, on Wednesday, April 16, 1997, at the hour of 10:00 a.m., EDT, and shall continue each successive week-day until concluded.

Any person affected by the proposed project or rate change has the right to appear at the hearing and present testimony as to why the proposed project or the proposed rate change should not be allowed, either wholly or in part.

OPEQUON PUBLIC
SERVICE DISTRICT

3:24.31(2t)

Certificate of Publication

This is to certify the annexed advertisement

Hoy G. Shingleton Jr.

Case #96-0478-PWD-CN Hearing
Cert. Pub Conv. excisting cust.

appeared for 2 consecutive
days/weeks in *The Journal Publishing
Company*, a newspaper published in
the City of Martinsburg, WV in its
issue beginning

3/24

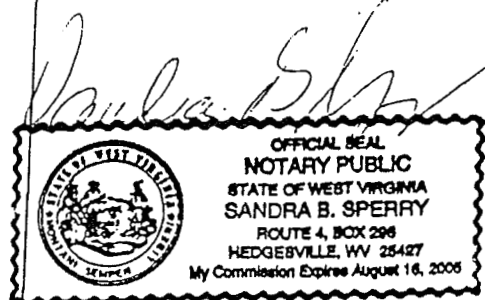
and ending

3/31

The Journal

207 W. King Street
Martinsburg, WV 25401

Fee \$ 72.02



fox to JOHN McV
263-8058

Original w/ bill
sent to Dick

12.9.10.23(31)

PUBLIC SERVICE
COMMISSION OF
WEST VIRGINIA
CHARLESTON

Entered by the Public Service
Commission of West Virginia, in
the City of Charleston on the 10th
day of December, 1996.
CASE NO. 96-0478-PWD-CN
OPEQUON PUBLIC
SERVICE DISTRICT,
a public service utility.

Application for a certificate ap-
plication of convenience and ne-
cessity to allow the District to
improve its ability to serve its
existing customers and to also
provide transmission facilities to
serve future customers by build-
ing, operating and maintaining
approximately 24,000 feet of 24
inch transmission main leading
from the District's recently con-
structed Potomac River Water
Production facility to an existing 12
inch transmission main on the
West side of Interstate 81.

NOTICE OF FILING

WHEREAS, on November 21,
1996, Opequon Public Service
District, a public utility, filed a
certificate application of conve-
nience and necessity to build,
operate and maintain approxi-
mately 24,000 feet of 24 inch
transmission main leading from
the District's recently constructed
Potomac River Water Production
facility to an existing 12 inch
transmission main on the West
side of Interstate 81.

WHEREAS, Opequon Public
Service District estimates that con-
struction including land acquisition
costs, engineering fees, legal fees,
administrative costs, interim con-
struction costs, contingency fees,
pre-funded debt service reserve
and payment of the interim financ-
ing of the Quad/Graphics expan-
sion and completion of the Poto-
mac River Treatment Plant will not
exceed \$3,519,085.00, and will be
financed by issuance of water
revenue bonds for Opequon Pub-
lic Service District through the
West Virginia Infrastructure and
Jobs Development Council in an
amount not to exceed \$3,519,-
085.00.

WHEREAS, Opequon Public Ser-
vice District anticipates charging
the following rates to all custom-
ers:

APPLICABILITY

Applicable within entire territory
served.

AVAILABILITY

Available for general domestic and
commercial service.

RATES

First 5,000 gallons used per month
\$6.77 per 1,000 gallons

All over 5,000 gallons used per
month \$5.09 per 1,000 gallons

AVAILABILITY

Available for general industrial
service.

RATES

\$2.50 PER 1,000 gallons used per
month

No bill will be rendered for less
than the following amount accord-
ing to the size of the meter
installed:

5/8 inch meter \$20.32 per month

1 inch meter 50.80 per month

1 1/2 inch meter 101.24 per month

2 inch meter 162.50 per month

Certificate of Publication

This is to certify the annexed
advertisement

Hoy G. Shingleton, Jr.
Bowles Rice McDavid

CASE NO. 96-0478-PWD-CN
Opequon Public Service
District

appeared for 1 consecutive
days/weeks in The Journal Publishing
Company, a newspaper published in
the City of Martinsburg, WV in its
issue beginning

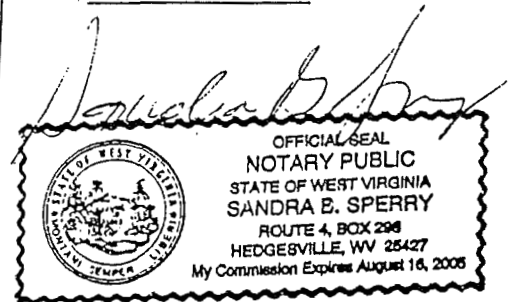
12/16

and ending

The Journal

207 W. King Street
Martinsburg, WV 25401

Fee \$ 99.88



OPEQUON PUBLIC SERVICE DISTRICT
NOTICE OF INTENT TO FILE FOR A
CERTIFICATE OF CONVENIENCE AND NECESSITY

NOTICE IS HEREBY GIVEN the Opequon Public Service District, Route 2, Box 83A, Martinsburg, West Virginia, 25401, intends to file an application with the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity for approval to acquire, construct, operate and maintain certain public service properties (the "Project") within the District's franchised area in Berkeley County, West Virginia, consisting of the following:

- (i) Construction of approximately 21,000 feet of 24-inch water main.
- (ii) Construction of approximately 600 feet of 12-inch water main.
- (iii) Pump stations and other appurtenances necessary to integrate these distribution mains into the existing distribution system of the District.

The District estimates the cost of the Project will not exceed \$2,770,000.00.

The District also intends to seek approval to refinance interim financing of \$230,000.00 used to complete construction of the District's Potomac River Water Treatment Plant.

The District proposes financing the Project and the refinancing by issuance of its water revenue bonds (the "Bonds") in the aggregate principal amount of not more than \$3,000,000.00, bearing interest at a rate not to exceed 8.00%, and with maturities of not more than forty years. The District also proposes interim financing for construction of the 24-inch main in an amount of not more than \$1,000,000 at a rate not to exceed 8%.

The rates to be charged by the District for water service are estimated not to exceed the following monthly rates:

Applicability: Applicable within entire territory served.

Availability: Available for general domestic and commercial service.

Rates: First 5,000 gallons used per month \$6.87 per 1,000 gallons
All over 5,000 gallons used per month \$5.16 per 1,000 gallons

Availability: Available for general industrial service.

Rates: \$2.75 per 1,000 gallons used per month.

No bill will be rendered for less than the following amount, according to the size of the meter installed:

5/8-inch meter	\$ 20.60 per month
1-inch meter	51.48 per month
1-1/2-inch meter	102.96 per month
2-inch meter	164.76 per month
3-inch meter	308.88 per month
4-inch meter	514.80 per month
6-inch meter	1029.60 per month

Service Connection Charge: \$300.00

Reconnection Charge: \$ 20.00

Delayed Payment Penalty: The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

Private Fire Protection:

1. Fire hydrants shall pay an annual rental of \$88.00 per unit.
2. Fire hose connections (simplex or duplex) shall pay an annual rental of \$58.67 per unit.
3. Sprinkler systems shall pay an annual rental of \$88.00 plus \$0.29 per sprinkler unit.

Seasonal and Temporary Water Users:

1. Vacation homes, cottages, trailers or other temporary and seasonal users shall make application for special water use in accordance with Rule 4.1B. Also, the user shall notify the District each year when they desire to have the water service either turned off in the fall or turned on in the spring.

Special Charges Applicable to Temporary or Seasonal Water Users:

1. At the time of filing an application for service: (a) the application shall make a security deposit to the District in the amount of \$50.00. The security deposit shall be maintained until permanent discontinuance of the service; and (b) the applicant shall pay the service connection charges.

2. The user shall forfeit the total security deposit if the District can show that the user tampered with the water meter or any other District property.

The District shall pay the higher of 5% or the current prevailing annual interest rate on the residual amount of the security deposit. In January of each year, the District will advise each special user of the status of their account. If interest is due, it will accompany the statement; if monies are due, payment must be made within thirty (30) days of the date of the bill/statement.

The District will file its formal application with the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity, for approval of the Project on or after June 30, 1996.

OPEQUON PUBLIC SERVICE DISTRICT

BY: _____
BETTY A. ROBINSON, General Manager

RULES OF PROCEDURE

OPEQUON PUBLIC SERVICE DISTRICT

ARTICLE I NAME AND PLACE OF BUSINESS

SECTION 1. NAME: Opequon Public Service District

SECTION 2. The principal office of this Public Service District will be located at Route 2 Box 83A, Martinsburg, West Virginia.

SECTION 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Opequon Public Service District, and in the center "seal" as follows:

SECTION 4. The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

ARTICLE II PURPOSE

This District is organized exclusively for the purpose set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III MEMBERSHIP

SECTION 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Berkeley County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

SECTION 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV
MEETINGS OF THE PUBLIC SERVICE BOARD

SECTION 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 1st Monday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

SECTION 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

SECTION 3. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least 3 days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purpose of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

SECTION 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary or General Manager of the Public Service Board of the Public Service District at the front door of the Berkeley County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board of the time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary or General Manager of the Public Service Board at the front door to the Berkeley County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

OPEQUON PUBLIC SERVICE DISTRICT
NOTICE OF SPECIAL SESSION

The Public Service Board of Opequon Public Service District will meet in special session on _____, at _____ .m., prevailing time, at _____, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a _____ Bond, Series _____, of the District, in the principal amount of \$_____, to provide funds for construction of _____ facilities of the District.

2.

Secretary or General Manager

Date: _____

ARTICLE V
OFFICERS

SECTION 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board, and may be the same person.

SECTION 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such year. The officers so

elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI DUTIES OF OFFICERS

SECTION 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these Rules of Procedure, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directly by the members of the Board.

SECTION 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

SECTION 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

SECTION 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

ARTICLE VII AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a

majority vote of the entire Board, or at any regular or special meetings of the members when a quorum is present in person and a majority of those present vote for the amendment; but no change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

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OPEQUON PUBLIC SERVICE DISTRICT REGULAR MEETING - JANUARY 6, 1996 MINUTES

Attendees: Calvin B. Dorsey, John E. Myers, Gerald R. Arndt, Richard G. Beegle, Hoy G. Shingleton and Fred M. Hollida

Meeting called to order at 5:05 p.m.

Approval of Minutes:

Arndt / Myers motion passed - Approve and execute the minutes of the Regular Meeting of December 9, 1996 as distributed.

Myers / Dorsey motion passed - Approve and execute the minutes of the Special Meeting of January 2, 1997 as distributed.

Reorganization of Board, Election of Officers:

Arndt / Myers motion passed - three for and zero against - Retain the same officers as last year, Calvin B. Dorsey, Chairman; John E. Myers, Vice Chairman and Gerald R. Arndt, Secretary / Treasurer.

Old Business Information:

1. Announced that Rodney Stilwell has satisfactorily completed his Introductory Period and is now a permanent, non-exempt employee with a \$0.25 per hour increase in pay rate to \$10.00 per hour.
2. Mr. Arndt reported that his appointment with Smith-Nadenbousch relative to the District's insurance coverage was canceled by Stew Borger at last minute. Mr. Borger has not rescheduled the meeting to date. CNA agent from Elkins, WV is interested in providing District with insurance coverage.

Old Business, Action:

1. Arndt / Myers motion passed - Approve and execute the Resolution of appreciation to Governor Caperton for his grant of \$58,000 to the District. Copy attached.
2. Myers / Arndt motion passed - Approve and authorize execution of the License Agreement with Frederick Business Properties Company. Copy attached.
3. Arndt / Myers motion passed - Approve the transfer of all District banking functions to One Valley Bank East, National Association and the execution of the documents with One Valley Bank East to accomplish same. Actual transfer to be accomplished at the

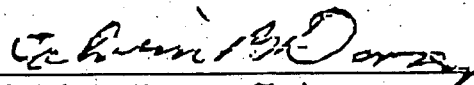
Christmas

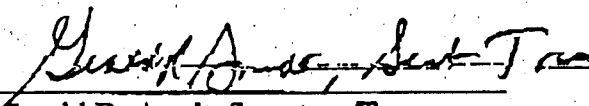
December 25

December 25

6. Arndt / Myers motion passed - Approve luncheon meeting with County Commissioners and other Districts on Wednesday, January 8, 1997 as a Special Meeting. Board members waive written notice of this special meeting.
7. Arndt / Myers motion passed - District invite Mr. Richard Gay, Esquire to luncheon to discuss Martins Landing issues.
9. Myers / Arndt motion passed - Approve Mainline Extension Agreement with Timberline Estates Limited Partnership, a West Virginia Limited Partnership and authorize execution of Agreement.
10. Myers / Arndt motion passed - Approved revising Developer Policy, Procedures and Standards to delete "Martinsburg threads" from fire hydrant standards and make all fire hydrant outlet threads "National Standard."
11. Arndt / Myers motion passed - Pay Terry Largent \$1,175 as compensation for obtaining Class III Operator's License in November 1995.
12. Table payroll adjustment at this time.
13. ~~Myers / Arndt motion passed - Accept Cox Nichols Hollida recommendation on~~ employee payroll audit: (1) pay H. B. Reid for approximately 350 hours, actual amount to be calculated by CNH; (2) pay other employee's requests of less than \$500 per individual gross; and (3) close the audit and related actions because further acts would probably cost more than any benefits derived.

Meeting adjourned 8:05 p.m.


Calvin B. Dorsey, Chairman


Gerald R. Arndt, Secretary/Treasurer

OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)

MINUTES ON ADOPTION OF BOND
RESOLUTIONS AND SUPPLEMENTAL RESOLUTION

I, Gerald R. Arndt, Secretary of the Public Service Board of Opequon Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of Opequon Public Service District met in special session, pursuant to notice duly posted, on the 25th day of June, 1997, at Martinsburg, West Virginia, at the hour of 8:00 a.m.

PRESENT:	Calvin B. Dorsey	-	Member and Chairman
	Gerald R. Arndt	-	Member, Secretary and Treasurer
	Hoy G. Shingleton	-	Attorney for District
	Richard G. Beegle	-	General Manager

ABSENT: None

Calvin B. Dorsey, Chairman, presided, and Gerald R. Arndt acted as Secretary.

Thereupon the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE OPEQUON PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE OPEQUON PUBLIC SERVICE DISTRICT OF NOT MORE THAN THREE MILLION THREE HUNDRED THIRTY-NINE THOUSAND NINETY DOLLARS (\$3,339,090.00) IN AGGREGATE PRINCIPAL AMOUNT OF OPEQUON PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; APPROVING, RATIFYING

AND CONFIRMING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY ACTING ON BEHALF OF THE WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion by Gerald R. Arndt, seconded by Calvin B. Dorsey, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

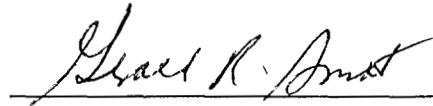
SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, INTEREST RATE, DATE, MATURITY, REDEMPTION PROVISIONS, PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1997 (WEST VIRGINIA INFRASTRUCTURE FUND) OF OPEQUON PUBLIC SERVICE DISTRICT; AUTHORIZING , RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A BOND REGISTRAR, DEPOSITORY BANK AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion of Gerald R. Arndt, seconded by Calvin B. Dorsey, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

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

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

WITNESS my signature on this 25th day of June, 1997.

A handwritten signature in cursive script, appearing to read "Gerald R. Bunt", is written over a horizontal line.

Secretary,
Opequon Public Service District

CHS/99380

WV MUNICIPAL BOND COMMISSION

Suite 300
812 Quarrier St
Charleston, WV 25301
PH (304) 558-3971
FAX (304) 558-1280

NEW ISSUE REPORT FORM

Date of Report: June 25, 1997

(See Reverse for Instructions)

Opequon Public Service District	
ISSUER & ISSUE: Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund)	
ADDRESS: Route 2, Box 83A, Martinsburg, West Virginia 25401 COUNTY: Berkeley	
PURPOSE: New Money <input checked="" type="checkbox"/> Refunding <input type="checkbox"/> Refunds issue(s) dated: _____	
ISSUE DATE: June 25, 1997	CLOSING DATE: June 25, 1997
ISSUE AMOUNT: \$ 3,339,090	RATE: 0%
1st DEBT SERVICE DUE: December 1, 1997	1st PRINCIPAL DUE: December 1, 1997
1st DEBT SERVICE AMOUNT: 41,223.34	PAYING AGENT: Municipal Bond Commission
ISSUERS: Bowles Rice McDavid Graff	
BOND COUNSEL: & Love, P.L.L.C.	
UNDERWRITERS: Jackson & Kelly	
Contact Person: Camden P. Siegrist, Esq.	Contact Person: Samme L. Gee, Esq.
Phone: 347-1129	Phone: 340-1318
CLOSING BANK: One Valley Bank, N.A.	ESCROW TRUSTEE: _____
Contact Person: Charlotte Morgan	Contact Person: _____
Phone: 348-7239	Phone: _____
KNOWLEDGEABLE ISSUER CONTACT	OTHER: _____
Contact Person: Richard G. Beegle, P.E.	Contact Person: _____
Position: General Manager	Function: _____
Phone: (304) 267-4600	Phone: _____
DEPOSITS TO MBC AT CLOSE: Accrued Interest: _____ Days \$ _____	
By Wire Capitalized Interest: \$ _____	
Check Reserve Account: \$ _____	
IGT Other: \$ _____	
REFUNDS & TRANSFERS BY MBC AT CLOSE:	
By Wire To Escrow Trustee: \$ _____	
Check To Issuer: \$ _____	
IGT To CIF-State Treasury \$ _____	
To Other: \$ _____	
NOTES: _____	
FOR MUNICIPAL BOND COMMISSION USE ONLY:	
DOCUMENTS	
REQUIRED: _____	
TRANSFERS	
REQUIRED: _____	

**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

One Valley Bank - East, National Association, Martinsburg, West Virginia, a national banking association with offices in the City of Martinsburg, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution and Supplemental Resolution (collectively, the "Resolution") of Opequon Public Service District, each adopted June 25, 1997, authorizing issuance of the District's Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund), dated June 25, 1997 in the maximum aggregate principal amount of \$3,339,090 (the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Dated this 25th day of June, 1997.

ONE VALLEY BANK - EAST,
NATIONAL ASSOCIATION

By: _____

Its: _____

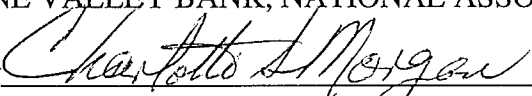
**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

ACCEPTANCE OF DUTIES OF REGISTRAR

One Valley Bank, National Association, Charleston, West Virginia, a national banking association with offices in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Opequon Public Service District Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund), dated June 25, 1997, in the maximum aggregate principal amount of \$3,339,090 (the "Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

Dated this 25th day of June, 1997.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By 
Its: Assistant Vice President

**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte S. Morgan, Assistant Vice President of One Valley Bank, National Association, Charleston, West Virginia, as Registrar under the Bond Resolution providing for the issuance of the above captioned bonds, hereby certifies that on the date hereof, the single, fully registered Opequon Public Service District Water Revenue Bond, Series 1997 (West Virginia Infrastructure Fund), dated June 25, 1997, in the principal amount of \$3,339,090, numbered R-1, was registered as to principal in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 25th day of June, 1997.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By: *Charlotte S. Morgan*
Its: Assistant Vice President

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 25th day of June, 1997, by and between OPEQUON PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$3,339,090 Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to the Bond Resolution adopted June 25, 1997, and Supplemental Resolution thereto also adopted June 25, 1997 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, copies of which are attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen

signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the sum of \$500 as compensation for its services rendered and expenses incurred in connection herewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

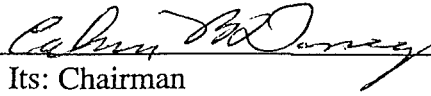
Issuer: Opequon Public Service District
Route 2, Box 83A
Martinsburg, West Virginia 25401-9602

Registrar: One Valley Bank, National Association
One Valley Square
Charleston, West Virginia 25301
Attn: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, OPEQUON PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this Registrar's Agreement to be signed by their respective duly authorized officers, all as of the day and year first above-written.

OPEQUON PUBLIC SERVICE DISTRICT

By: 
Its: Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

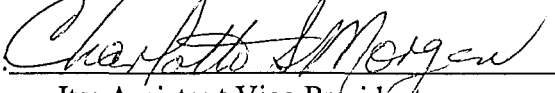
By: 
Its: Assistant Vice President

EXHIBIT A

[Included in transcript as Document Nos. 1 and 2]

CHS/99271

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
1201 Dunbar Avenue
Dunbar, West Virginia 25064-3017

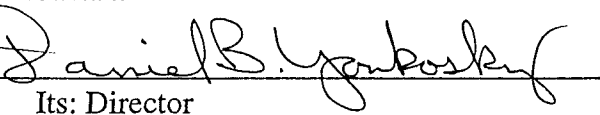
June 25, 1997

**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 1997, in the aggregate principal amount of not more than \$3,339,090 (the "Bonds"), by Opequon Public Service District (the "Issuer"), under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Water Revenue Bonds, Series 1993 (the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: 
Its: Director

**OPEQUON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1997
(WEST VIRGINIA INFRASTRUCTURE FUND)**

CERTIFICATE OF SATISFACTION AND PAYMENT

The undersigned duly authorized representative of One Valley Bank - East, National Association (the "Holder"), as holder of all of the Waterworks System Bond Anticipation Notes, Series 1996, dated as of August 9, 1996 (the "Notes"), of the Opequon Public Service District (the "Issuer"), issued in the original aggregate principal amount of \$330,000 of which Notes the amount of \$33,400.16 remains outstanding, hereby certifies as follows:

1. The Holder is the holder of the entire outstanding amount of all of the Notes.
2. On the date hereof, there was paid to the Holder by the Issuer the amount of \$33,400.16, the receipt of which is hereby acknowledged, which is sufficient to satisfy all of the Notes.
3. All liens, pledges and security securing any and all of the Notes, including without limitation any lien on or pledge of the proceeds of the above-referenced Bonds or the revenues or net revenues of the waterworks facilities of the Issuer, and the covenants, agreements and obligations of the Issuer are satisfied and discharged. The Notes will be marked "Satisfied in Full" and returned to the Issuer.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of June, 1997.

ONE VALLEY BANK - EAST,
NATIONAL ASSOCIATION

By: _____

Its: _____

[Signature]
VICE President