

[SPECIMEN SERIES 1992 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1992 A

No. AR-1

\$483,871

KNOW ALL MEN BY THESE PRESENTS: That GREATER PAW PAW SANITARY DISTRICT, a public corporation and political subdivision of the State of West Virginia in Marion 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 FOUR HUNDRED EIGHTY-THREE THOUSAND EIGHT HUNDRED SEVENTY-ONE DOLLARS (\$483,871), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1992. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated April 22, 1992.

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of

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certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The Project, and any future additions, betterments or improvements thereto, is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Resolution duly adopted on March 31, 1987, a Supplemental and Amendatory Bond Resolution duly adopted on April 15, 1992, and a Supplemental Resolution, duly adopted by the Issuer on April 15, 1992 (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 security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,548,258 (THE "SERIES 1987 A BONDS") AND SENIOR AND PRIOR WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1987 B, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$379,753 (THE "SERIES 1987 B BONDS") AND THE SEWER REVENUE BONDS, SERIES 1992 B, OF THE ISSUER, ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$16,129 (THE "SERIES 1992 B BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1987 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1992 B 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 1992 A Bonds Reserve Account and unexpended Bond proceeds. 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 amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds, the Series 1992 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds or the Series 1992 B Bonds, provided however, that so long as there exists in the Series 1992 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for the Series 1992 B Bonds and any other obligations outstanding prior to or on a parity with the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds or the Series 1992 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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, GREATER PAW PAW SANITARY DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated April 22, 1992.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: April 22, 1992

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1991 A Pool
Debt Service Schedule - Greater Paw Paw Sanitary District

Closing 4/22/92
Interest Bearing Loan: \$483,871.00

Date	Coupon	Principal	Interest	Debt Service
10/1/92	7.75%	0.00	16,562.50	16,562.50
10/1/93	7.75%	2,158.00	37,500.00	39,658.00
10/1/94	7.75%	2,325.00	37,332.76	39,657.76
10/1/95	7.75%	2,506.00	37,152.57	39,658.57
10/1/96	7.75%	2,700.00	36,958.36	39,658.36
10/1/97	7.75%	2,909.00	36,749.11	39,658.11
10/1/98	7.75%	3,135.00	36,523.66	39,658.66
10/1/99	7.75%	3,377.00	36,280.70	39,657.70
10/1/00	7.75%	3,639.00	36,018.98	39,657.98
10/1/01	7.75%	3,921.00	35,736.96	39,657.96
10/1/02	7.75%	4,225.00	35,433.08	39,658.08
10/1/03	7.75%	4,552.00	35,105.64	39,657.64
10/1/04	7.75%	4,905.00	34,752.86	39,657.86
10/1/05	7.75%	5,285.00	34,372.72	39,657.72
10/1/06	7.75%	5,695.00	33,963.14	39,658.14
10/1/07	7.75%	6,136.00	33,521.77	39,657.77
10/1/08	7.75%	6,612.00	33,046.23	39,658.23
10/1/09	7.75%	7,124.00	32,533.80	39,657.80
10/1/10	7.75%	7,676.00	31,981.69	39,657.69
10/1/11	7.75%	8,271.00	31,386.80	39,657.80
10/1/12	7.75%	8,912.00	30,745.80	39,657.80
10/1/13	7.75%	9,603.00	30,055.12	39,658.12
10/1/14	7.75%	10,347.00	29,310.89	39,657.89
10/1/15	7.75%	11,149.00	28,509.00	39,658.00
10/1/16	7.75%	12,013.00	27,644.95	39,657.95
10/1/17	7.75%	12,944.00	26,713.94	39,657.94
10/1/18	7.75%	13,947.00	25,710.78	39,657.78
10/1/19	7.75%	15,028.00	24,629.89	39,657.89
10/1/20	7.75%	16,193.00	23,465.22	39,658.22
10/1/21	7.75%	17,448.00	22,210.26	39,658.26
10/1/22	7.75%	18,800.00	20,858.04	39,658.04
10/1/23	7.75%	20,257.00	19,401.04	39,658.04
10/1/24	7.75%	21,827.00	17,831.12	39,658.12
10/1/25	7.75%	23,519.00	16,139.53	39,658.53
10/1/26	7.75%	25,341.00	14,316.81	39,657.81
10/1/27	7.75%	27,305.00	12,352.88	39,657.88
10/1/28	7.75%	29,421.00	10,236.74	39,657.74
10/1/29	7.75%	31,702.00	7,956.62	39,658.62
10/1/30	7.75%	34,158.00	5,499.71	39,657.71
10/1/31	7.75%	36,806.00	2,852.47	39,658.47
		<u>483,871.00</u>	<u>1,079,354.14</u>	<u>1,563,225.14</u>

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: _____, _____.

In the presence of:

GREATER PAW PAW SANITARY DISTRICT

Sewer Revenue Bonds,
Series 1992 A and Series 1992 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1992 A AND SERIES 1992 B OF GREATER PAW PAW SANITARY DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the public service board (the "Governing Body") of Greater Paw Paw Sanitary District (the "Issuer"), has duly and officially adopted a supplemental and amendatory bond resolution, effective April 15, 1992 (the "Bond Resolution") entitled:

SUPPLEMENTAL AND AMENDATORY RESOLUTION SUPPLEMENTING AND AMENDING A RESOLUTION OF GREATER PAW PAW SANITARY DISTRICT ADOPTED MARCH 31, 1987, AUTHORIZING ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GREATER PAW PAW SANITARY DISTRICT AND ISSUANCE BY THE DISTRICT OF ITS SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B, DATED APRIL 7, 1987, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,928,011 TO PAY A PORTION OF THE COSTS OF SUCH ACQUISITION AND CONSTRUCTION; AUTHORIZING THE COMPLETION OF ACQUISITION AND CONSTRUCTION OF SUCH PUBLIC SEWERAGE FACILITIES OF THE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, OF SUCH COMPLETION THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$483,871 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 A, AND NOT MORE THAN \$16,129 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED

OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

which Bond Resolution supplemented and amended a Bond and Notes Resolution adopted March 31, 1987 (the "Prior Resolution") for the purpose of providing for additional Bonds to finance completion of acquisition and construction of the Project, all as defined in the Bond Resolution;

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$500,000 to be issued in two series, the Series 1992 A Bonds to be in an aggregate principal amount of not more than \$483,871 (the "Series 1992 A Bonds") and the Series 1992 B Bonds to be in an aggregate principal amount of not more than \$16,129 (the "Series 1992 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1992 A Bonds to be dated the date of delivery of the Bonds, and a supplemental loan agreement relating to the Series 1992 B Bonds, also to be dated the date of delivery of the Bonds (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the 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 approved and entered into by

the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF GREATER PAW PAW SANITARY DISTRICT:

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

(A) The Sewer Revenue Bonds, Series 1992 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$483,871. The Series 1992 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2031, shall bear interest at the rate of 7.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1992, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1992 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1992 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$16,129. The Series 1992 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2031, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1992 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, copies of which are 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, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and One Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby designate Community Bank and Trust, National Association, Fairmont, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1992 A Bond proceeds in the amount of \$-0- shall be deposited in the Series 1992 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1992 A Bond proceeds in the amount of \$39,659 shall be deposited in the Series 1992 A Bonds Reserve Account and Series 1992 B Bond proceeds in the amount of \$414 shall be deposited in the Series 1992 B Bonds Reserve Account.

Section 9. The balance of proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds as set forth in the Bond Resolution.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about April 22, 1992, to the Authority pursuant to the Loan Agreement.

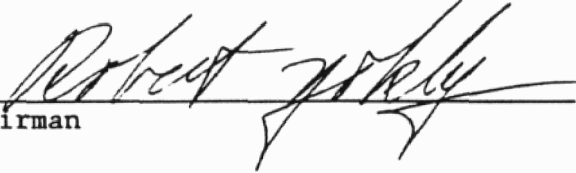
Section 11. The completion of financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 15th day of April, 1992.

GREATER PAW PAW SANITARY DISTRICT


Chairman

04/20/92
PAWJ.E4
69154/90001

[SPECIMEN SERIES 1992 B BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1992 B

No. BR-1

\$16,129

KNOW ALL MEN BY THESE PRESENTS: That GREATER PAW PAW SANITARY DISTRICT, a public corporation and political subdivision of the State of West Virginia in Marion 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 SIXTEEN THOUSAND ONE HUNDRED TWENTY-NINE DOLLARS (\$16,129), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated April 22, 1992.

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of certain new sewage collection, transportation and treatment facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The Project, and any future additions, betterments or improvements thereto, is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Resolution duly adopted on March 31, 1987, a Supplemental and Amendatory Bond Resolution duly adopted on April 15, 1992, and a Supplemental Resolution, duly adopted, by the Issuer on April 15, 1992

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(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 security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SEWER REVENUE BONDS, SERIES 1987 B, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$379,753 (THE "SERIES 1987 B BONDS") AND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1992 A, OF THE ISSUER (THE "SERIES 1992 A BONDS"), ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$483,871, AND THE SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,548,258 (THE "SERIES 1987 A BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1987 A Bonds and the Series 1992 A Bonds, and on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1987 B Bonds, and from all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 B 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, except from said special fund provided from the Net Revenues, the moneys in the reserve account for the Series 1992 B Bonds and unexpended Bond proceeds. 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 amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds, the Series 1992 A Bonds and

all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds, the Series 1987 B Bonds, the Series 1992 A Bonds or the Bonds, provided however, that so long as there exists in the reserve accounts established for the Series 1987 A Bonds, the Series 1987 B Bonds, the Series 1992 A Bonds and the Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds and the Series 1992 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at 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, Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of the Bonds, which lien is subordinate to the lien in favor of the registered owner of the Series 1992 A Bonds.

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 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, GREATER PAW PAW SANITARY DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary and has caused this Bond to be dated April 22, 1992.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: April 22, 1992

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

**West Virginia Water Development Authority
Interest Free Local Loan from Series 1991 A Pool
Debt Service Schedule - Greater Paw Paw Sanitary District**

Closing 4/22/92

Interest Free Loan: \$16,129.00

Date	Interest Free Loan	Debt Service
10/1/92	0.00	0.00
10/1/93	413.56	413.56
10/1/94	413.56	413.56
10/1/95	413.56	413.56
10/1/96	413.56	413.56
10/1/97	413.56	413.56
10/1/98	413.56	413.56
10/1/99	413.56	413.56
10/1/00	413.56	413.56
10/1/01	413.56	413.56
10/1/02	413.56	413.56
10/1/03	413.56	413.56
10/1/04	413.56	413.56
10/1/05	413.56	413.56
10/1/06	413.56	413.56
10/1/07	413.56	413.56
10/1/08	413.56	413.56
10/1/09	413.56	413.56
10/1/10	413.56	413.56
10/1/11	413.56	413.56
10/1/12	413.56	413.56
10/1/13	413.56	413.56
10/1/14	413.56	413.56
10/1/15	413.56	413.56
10/1/16	413.56	413.56
10/1/17	413.56	413.56
10/1/18	413.56	413.56
10/1/19	413.56	413.56
10/1/20	413.56	413.56
10/1/21	413.56	413.56
10/1/22	413.56	413.56
10/1/23	413.56	413.56
10/1/24	413.56	413.56
10/1/25	413.56	413.56
10/1/26	413.56	413.56
10/1/27	413.56	413.56
10/1/28	413.56	413.56
10/1/29	413.56	413.56
10/1/30	413.56	413.56
10/1/31	413.72	413.72
	<u>16,129.00</u>	<u>16,129.00</u>

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: _____, _____.

In the presence of:

GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BONDS, SERIES 1992 A AND SERIES 1992 B
SUPPLEMENTAL AND AMENDATORY
BOND RESOLUTION

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GREATER PAW PAW SANITARY DISTRICT

SUPPLEMENTAL AND AMENDATORY RESOLUTION

SUPPLEMENTAL AND AMENDATORY RESOLUTION SUPPLEMENTING AND AMENDING A RESOLUTION OF GREATER PAW PAW SANITARY DISTRICT ADOPTED MARCH 31, 1987, AUTHORIZING ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GREATER PAW PAW SANITARY DISTRICT AND ISSUANCE BY THE DISTRICT OF ITS SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B, DATED APRIL 7, 1987, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,928,011 TO PAY A PORTION OF THE COSTS OF SUCH ACQUISITION AND CONSTRUCTION; AUTHORIZING THE COMPLETION OF ACQUISITION AND CONSTRUCTION OF SUCH PUBLIC SEWERAGE FACILITIES OF THE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, OF SUCH COMPLETION THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$483,871 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 A, AND NOT MORE THAN \$16,129 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT 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 GOVERNING BODY OF GREATER PAW PAW SANITARY DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Supplemental and Amendatory Resolution. This Supplemental and Amendatory Resolution (together with the Prior Resolution, as hereinafter defined, and any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of

Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. Greater Paw Paw Sanitary District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Marion County of said State.

B. The Issuer has heretofore issued its Sewer Revenue Bonds, Series 1987 A and 1987 B, both dated April 7, 1987 in the aggregate principal amount of \$1,928,011 (collectively, the "Prior Bonds"). The Prior Bonds were issued pursuant to a bond and notes resolution adopted by the Issuer on March 31, 1987 (the "Prior Resolution"). Proceeds of the Prior Bonds were used to pay a portion of the costs of acquisition and construction of certain new sewage collection and transportation facilities (the "Project") (the Project and any further additions thereto or extensions thereof is herein called the "System"). However, such proceeds and available grant proceeds are deemed insufficient to complete the Project. Accordingly, it is necessary for the Issuer to borrow an additional amount to finance the remaining costs of the Project.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Series 1992 Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein and in the Prior Resolution.

D. It is therefore deemed necessary for the Issuer to issue its completion bonds in the total aggregate principal amount of not more than \$500,000 in two series, being the Series 1992 A Bonds in the aggregate principal amount of not more than \$483,871 and the Series 1992 B Bonds in the aggregate principal amount of not more than \$16,129 (collectively, the "Series 1992 Bonds") to finance costs of construction and acquisition of the Project not otherwise provided for. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; reimbursement to the Issuer for payment of interest upon the Prior Bonds, during acquisition and construction and for 6 months after completion of construction of the Project not previously capitalized from proceeds of the Prior Bonds; amounts which may be deposited in the Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to

determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1992 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the completion of construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1992 Bonds or the repayment of indebtedness, including any letter of credit note incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that the Series 1992 Bonds be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

G. Except for the Prior Bonds, upon issuance of the Series 1992 Bonds, there will not be outstanding any obligations of the Issuer which will rank prior to or on a parity with the Series 1992 Bonds as to lien and source of and security for payment. The Series 1992 B Bonds shall be on a parity with the Series 1987 B Bonds, both of which series shall be junior and subordinate to both the Series 1987 A Bonds and the Series 1992 A Bonds; and the Series 1992 A Bonds shall be on a parity with the Series 1987 A Bonds, all as set forth herein.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Prior Bonds and the Series 1992 Bonds, or will have so complied prior to issuance thereof, including, among other things, if required, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or have been waived by the Public Service Commission of West Virginia.

I. The Prior Resolution, in Section 7.07(B) thereof, permits the issuance of the Series 1992 Bonds on parity with the Prior Bonds for the purpose of completion of the Project with no further restrictions if there is first obtained the written consent of the Authority, which written consent will be obtained prior to issuance of the Series 1992 Bonds.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1992 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 1992 Bonds, 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. Unless expressly changed herein, all capitalized terms used in the Prior Resolution shall have the same meanings herein. In addition, the following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Bond Year" means each one-year period (or shorter period from the date of issuance of the Series 1992 Bonds) that ends at the close of business on October 1, unless otherwise required under the Code.

"Bonds" means, collectively, the Prior Bonds, the Series 1992 Bonds and any bonds on a parity therewith authorized to be issued hereunder.

"Closing Date" means the date upon which there is an exchange of the Series 1992 Bonds for the proceeds representing the purchase of the Bonds by the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

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

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of

computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

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

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Series 1992 Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer ratified and confirmed by, the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1992 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the respective Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1992 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1992 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1992 Bonds.

"Prior Bonds" means, collectively, the Sewer Revenue Bonds, Series 1987 A and Series 1987 B, of the Issuer, both dated April 7, 1987 and issued in the original aggregate principal amount of \$1,548,258 and \$379,753, respectively.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use

as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

(a) Government Obligations;

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

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

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

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

always at least equal to the principal amount of said time accounts;

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

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

(h) The West Virginia "restricted 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

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

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

"Series 1992 A Bonds" or "Series A Bonds" means the not more than \$483,871 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 A, of the Issuer.

"Series 1992 B Bonds" or "Series B Bonds" means the not more than \$16,129 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 B, of the Issuer.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Supplemental and Amendatory Resolution, and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1992 Bonds; provided, that any matter intended by this Supplemental and Amendatory Resolution, to be included in the Supplemental Resolution with respect to the Series 1992 Bonds, and not so included may be included in another Supplemental Resolution.

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.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF SERIES 1992 BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 2.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1992 A Bonds, funding a reserve account for each series of Series 1992 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Series 1992 Bonds of the Issuer, in an aggregate principal amount of not more than \$500,000. Said Series 1992 Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1992 A," in the aggregate principal amount of not more than \$483,871, and "Sewer Revenue Bonds, Series 1992 B," in the aggregate principal amount of not more than \$16,129 and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1992 Bonds remaining after funding of the Reserve Accounts (if funded from Series 1992 Bond proceeds) and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 of the Prior Resolution.

Provisions regarding the execution, authentication, registration, negotiability and transfer of the Series 1992 Bonds shall be as set forth in the Prior Resolution. Other terms of the Series 1992 Bonds, including their interest rate, maturities, date and other provisions applicable only to the Series 1992 Bonds and not the Prior Bonds, shall be as set forth in the Supplemental Resolution.

Section 2.02. Series 1992 Bonds not to be Indebtedness of the Issuer. The Series 1992 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 respective Reserve Accounts. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bonds or the interest thereon.

Section 2.03. Series 1992 Bonds Secured by Pledge of Net Revenues; Lien Positions. The payment of the debt service of all the Series 1992 A 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 Series 1987 A Bonds. The payment of the debt service of all the Series 1992 B Bonds shall also be secured

forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, on a parity with the Series 1987 B Bonds, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1992 A Bonds and the Series 1987 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund, either existing or hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 2.04. Form of Series 1992 Bonds. The text of the Series 1992 Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 1992 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1992 A

No. AR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That GREATER PAW PAW SANITARY DISTRICT, a public corporation and political subdivision of the State of West Virginia in Marion 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 (\$_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 19____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 19____.

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of certain new sewage collection and transportation facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The Project, and any future additions, betterments or improvements thereto, is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Resolution duly adopted on March 31, 1987, a Supplemental and Amendatory Bond Resolution duly adopted 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 security provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,548,258 (THE "SERIES 1987 A BONDS") AND SENIOR AND PRIOR WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1987 B, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$379,753 (THE "SERIES 1987 B BONDS") AND THE SEWER REVENUE BONDS, SERIES 1992 B, OF THE ISSUER, ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE "SERIES 1992 B BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1987 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1992 B 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 1992 A Bonds Reserve Account and unexpended Bond proceeds. 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 amount required to pay the ~~maximum~~ amount due in any year of principal of and interest, if any, on the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds, the Series 1992 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds or the Series 1992 B Bonds, provided however, that so long as there exists in the Series 1992 A Bonds Reserve Account an amount at least equal to the ~~maximum~~ amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for the Series 1992 B Bonds and any other obligations outstanding prior to or on a parity with the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds or the Series 1992 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted

a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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, GREATER PAW PAW SANITARY DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 1992.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(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: _____, _____.

In the presence of:

[FORM OF SERIES 1992 B BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER PAW PAW SANITARY DISTRICT
SEWER REVENUE BOND, SERIES 1992 B

No. BR- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That GREATER PAW PAW SANITARY DISTRICT, a public corporation and political subdivision of the State of West Virginia in Marion 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 (\$ _____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 19____.

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of certain new sewage collection, transportation and treatment facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The Project, and any future additions, betterments or improvements thereto, is 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and

Notes Resolution duly adopted on March 31, 1987, a Supplemental and Amendatory Bond Resolution duly adopted 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 security provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SEWER REVENUE BONDS, SERIES 1987 B, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$379,753 (THE "SERIES 1987 B BONDS") AND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1992 A, OF THE ISSUER (THE "SERIES 1992 A BONDS"), ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____, AND THE SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER, DATED APRIL 7, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,548,258 (THE "SERIES 1987 A BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1987 A Bonds and the Series 1992 A Bonds, and on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1987 B Bonds, and from all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 B 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, except from said special fund provided from the Net Revenues, the moneys in the reserve account for the Series 1992 B Bonds and unexpended Bond proceeds. 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 amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds, the Series 1992 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds, the Series 1987 B Bonds, the Series 1992 A Bonds or the Bonds, provided however, that so long as there exists in the reserve accounts established for the Series 1987 A Bonds, the Series 1987 B Bonds, the Series 1992 A Bonds and the Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Series 1987 A Bonds, the Series 1987 B Bonds, the Bonds and the Series 1992 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at 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, Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of the Bonds, which lien is subordinate to the lien in favor of the registered owner of the Series 1992 A Bonds.

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 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, GREATER PAW PAW SANITARY DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary and has caused this Bond to be dated _____, 1992.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(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: _____, _____.

In the presence of:

Section 2.05. Sale of Series 1992 Bonds; Ratification of Execution of Loan Agreement with Authority. The Series 1992 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" 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, ratified and approved.

Section 2.06. "Amended Schedule A" Filing; Tender of Series 1992 B Bonds. Upon 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. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1992 B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1992 B Bonds for payment until the outstanding Notes have been paid.

ARTICLE III

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 3.01. Establishment of Funds and Accounts with Commission. In addition to the funds and accounts heretofore established by the Prior Resolution with respect to the Prior Bonds, the following special funds or accounts are hereby established with the Commission:

- (1) Series 1992 A Bonds Sinking Fund;
 - (a) Within the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account.
- (2) Series 1992 B Bonds Sinking Fund;
 - (a) Within the Series 1992 B Bonds Sinking Fund, the Series 1992 B Bonds Reserve Account.

Section 3.02. Payment of Debt Service on Series 1992 Bonds. In addition to the payments required by the Prior Resolution to be made with respect to the Prior Bonds, the Issuer shall pay into the sinking funds and reserve accounts established hereunder for the Series 1992 Bonds, the amounts prescribed by Article V of the Prior Resolution, adjusted to reflect the different principal amounts of the Series 1992 Bonds. Payment of principal of and interest on the Series 1992 A Bonds, and deposits into the Series 1992 A Bonds Reserve Account shall be made on parity with such payments and deposits required for the Series 1987 A Bonds. Payment of principal of and interest on the Series 1992 B Bonds and deposits into the Series 1992 B Bonds Reserve Account shall be made subsequent to such payments on account of the Series 1992 A Bonds and the Series 1987 A Bonds, and on parity with such payments on account of the Series 1987 B Bonds.

ARTICLE IV

APPLICATION OF SERIES 1992 BOND PROCEEDS

Section 4.01. Application of Series 1992 Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1992 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1992 A Bonds, there shall first be deposited with the Commission in the Series 1992 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest on the Series 1992 Bonds; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1992 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1992 A Bonds, there shall be deposited with the Commission in the Series 1992 A Bonds Reserve Account and from the proceeds of the Series 1992 B Bonds, there shall be deposited with the Commission in the Series 1992 B Reserve Account, the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts on account of the Series 1992 Bonds.

C. The remaining moneys derived from the sale of the Series 1992 Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 of the Prior Resolution.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1992 A Bonds, and thereafter for the Series 1992 B Bonds.

ARTICLE V

ADDITIONAL COVENANTS OF THE ISSUER

Section 5.01. Covenants in Prior Resolution to Apply to Series 1992 Bonds. All the covenants, agreements and provisions of the Prior Resolution shall be applicable to the Series 1992 Bonds, and shall 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 1992 Bonds. In addition to the other covenants, agreements and provisions of the Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1992 Bonds as hereinafter provided in this Article V. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Series 1992 Bonds or the interest thereon is Outstanding and unpaid.

Section 5.02. Series 1992 Bonds not to be Indebtedness of the Issuer. The Series 1992 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 1992 Bonds, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Series 1992 Bonds or the interest thereon.

Section 5.03. Series 1992 Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 1992 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on parity with the lien on said Net Revenues in favor of the Holders of the Series 1987 A Bonds. Payment of the debt service of the Series 1992 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, on a parity with the lien on said Net Revenues in favor of the Holders of the Series 1987 B Bonds and junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1987 A Bonds and the Series 1992 A Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1992 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 are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Series 1992 Bonds as the same become due, and for the other purposes provided in this Bond Legislation.

Section 5.04. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1992 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1992 Bonds during the term thereof is, under the terms of the Series 1992 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1992 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1992 Bonds during the term thereof is, under the terms of the Series 1992 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1992 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1992 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 1992 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1992 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1992 Bonds and the interest thereon, including

without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1992 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed by the Authority) which would adversely affect such exclusion.

Section 5.05. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1992 Bonds which would cause any of the Series 1992 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1992 Bonds) so that the interest on the Series 1992 Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.06. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1992 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1992 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. The Issuer shall pay, or cause to be paid, to the United States, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the

Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 5.06. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.06 in accordance with the requirements of Section 148(f) of the Code and such Regulations.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception therefrom, then the Issuer shall submit a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE VI

DEFEASANCE

Section 6.01. Defeasance of Series 1992 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1992 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1992 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1992 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1992 Bonds from gross income for federal income tax purposes.

Series 1992 A 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 Agents 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 1992 A 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 1992 A 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 1992 A 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 1992 A 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.

Section 6.02. Defeasance of Series 1992 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1992 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1992 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1992 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1992 Bonds from gross income for federal income tax purposes.

Series 1992 B 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 Agents 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 1992 B 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 1992 B 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 1992 B 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 1992 B 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 VII

MISCELLANEOUS

Section 7.01. Amendment or Modification of Bond Legislation. 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 Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the 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. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure the exclusion of interest on the Series 1992 Bonds from gross income of the Holders thereof.

Section 7.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1992 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 7.03. 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 the Prior Resolution, this Resolution, the Supplemental Resolution or the Bonds.

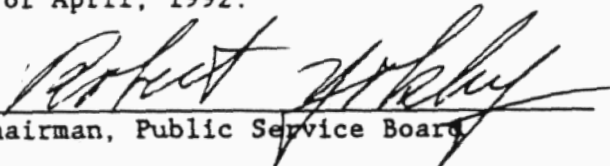
Section 7.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 7.05. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof (including the Prior Resolution) in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 7.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the 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 7.07. Effective Date. This Resolution shall take effect immediately upon adoption hereof.

Adopted this 15th day of April, 1992.


Chairman, Public Service Board


Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Supplemental and Amendatory Resolution duly adopted by the Public Service Board of GREATER PAW PAW SANITARY DISTRICT on the 15th day of April, 1992.

Dated: April 22, 1992

[SEAL]



Secretary, Public Service Board

04/20/92
PAWJ.A4
69154/90001

"EXHIBIT A"

[Included as Document Nos. 4 and 5 of Bond Transcript]

ARTICLE III

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 3.01. Establishment of Funds and Accounts with Commission. In addition to the funds and accounts heretofore established by the Prior Resolution with respect to the Prior Bonds, the following special funds or accounts are hereby established with the Commission:

- (1) Series 1992 A Bonds Sinking Fund;
 - (a) Within the Series 1992 A Bonds Sinking Fund, the ~~Series 1992 A Bonds Reserve Account~~.
- (2) Series 1992 B Bonds Sinking Fund;
 - (a) Within the Series 1992 B Bonds Sinking Fund, the ~~Series 1992 B Bonds Reserve Account~~.

Section 3.02. Payment of Debt Service on Series 1992 Bonds. In addition to the payments required by the Prior Resolution to be made with respect to the Prior Bonds, the Issuer shall pay into the sinking funds and reserve accounts established hereunder for the Series 1992 Bonds, the amounts prescribed by Article V of the Prior Resolution, adjusted to reflect the different principal amounts of the Series 1992 Bonds. Payment of principal of and interest on the Series 1992 A Bonds, and deposits into the Series 1992 A Bonds Reserve Account shall be made on parity with such payments and deposits required for the Series 1987 A Bonds. Payment of principal of and interest on the Series 1992 B Bonds and deposits into the Series 1992 B Bonds Reserve Account shall be made subsequent to such payments on account of the Series 1992 A Bonds and the Series 1987 A Bonds, and on parity with such payments on account of the Series 1987 B Bonds.

See Attached

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

- (1) Series 1987 A Bonds Sinking Fund;
 - (a) Within the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account.
- (2) Series 1987 B Bonds Sinking Fund;
 - (a) Within the Series 1987 B Bonds Sinking Fund, the Series 1987 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1987 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1987 A Bonds Sinking Fund, a sum

equal to 1/6th of the amount of interest which will become due on said Series 1987 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1987 A Bonds, if not fully funded upon issuance of the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1987 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 A 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 1987 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, 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 the Series 1987 A Bonds 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 the Series 1987 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, a sum equal to $1/12$ th of the amount of principal which will mature and become due on said Series 1987 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1987 B Bonds, if not fully funded upon issuance of the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Reserve Account, an amount equal to $1/120$ of the Series 1987 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 B 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 1987 B Bonds Reserve Requirement.

Moneys in the Series 1987 A Bonds Sinking Fund and the Series 1987 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall

become due. Moneys in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, for deposit in the Revenue Fund, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion on construction of the Project, shall be applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1987 A Bonds Reserve Account which result in a reduction in the balance of the Series 1987 A Bonds Reserve Account to below the Series 1987 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1987 B Bonds Reserve Account which result in a reduction in the balance of the Series 1987 B Bonds Reserve Account to below the Series 1987 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1987 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1987 A Bonds Sinking Fund, or the Series 1987 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

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

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a 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 Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding 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, 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 the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund 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, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.

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 the Depository Bank's charges and the Paying Agent 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.

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.

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. From the proceeds of the Series 1987 A Bonds, there shall first be paid any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

B. From the proceeds of the Series 1987 A Bonds, there shall next be deposited with the Commission in the Series 1987 A 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 1987 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 1987 A Bonds, there shall be deposited with the Commission in the Series 1987 A Bonds Reserve Account and from the proceeds of the Series 1987 B Bonds, there shall be deposited with the Commission in the Series 1987 B Bonds Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation and, with the consent of the Authority, in the Indenture (if any). Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1987 A Bonds, and thereafter for the Series 1987 B Bonds. In the event that Notes are issued, the disposition of funds in the

Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance of the Original Bonds, which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) 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;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond 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 Bond 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 Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the 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 Bond Construction Trust Fund to the Series 1987 A Bonds Reserve Account, and when fully funded to the Series 1987 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit

in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon.