

***TRANSCRIPT OF CLOSING DOCUMENTS***

***OPEQUON PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS,  
SERIES 1993***

***DATE OF CLOSING: JULY 29, 1993***



**OPEQUON PUBLIC SERVICE DISTRICT**

**WATER REVENUE BONDS,  
SERIES 1993**

**DATE OF CLOSING: July 29, 1993**

**BOND TRANSCRIPT**

**Table of Contents**

**BASIC DOCUMENTS**

1. Bond Resolution
2. Supplemental Resolution
3. Loan Agreement
4. Public Service Commission Orders
5. Cross-Receipt for Bonds and Bond Proceeds
6. Direction to Authenticate and Deliver Bonds
7. Specimen Series 1993 Bond

**OPINIONS OF COUNSEL**

8. Approving Opinion on Series 1993 Bonds of Bowles Rice McDavid Graff & Love, Bond Counsel
9. No Arbitrage Opinion of Bowles Rice McDavid Graff & Love, Bond Counsel
10. Opinion of Bowles Rice McDavid Graff & Love as Counsel to Issuer

**CERTIFICATES**

11. General Certificate of Issuer and Attorney
12. Certificate as to Arbitrage

13. Certificate of Consulting Engineer
14. Certificate Designating Authorized Signatories for Consulting Engineer
15. Certificate of Certified Public Accountant

#### **DOCUMENTS OF THE ISSUER**

16. County Commission Order Relating to Creation of District
17. County Commission Orders Appointing Current Board Members
18. Oaths of Office of Current Board Members
19. Affidavits of Publication of Notice of Borrowing and Filing of PSC Application
20. Rules of Procedure of Board
21. Minutes of 1993 Organizational Meeting of Board
22. Minutes on Adoption of Bond Resolution and Supplemental Resolution
23. IRS Information Return (Form 8038-G) and Letter of Transmittal
24. Municipal Bond Commission New Issue Report

#### **MISCELLANEOUS DOCUMENTS**

25. Acceptance by One Valley Bank, National Association, of Duties as Registrar
26. Acceptance by The Peoples National Bank of Martinsburg, West Virginia, of Duties as Depository Bank
27. Acceptance by One Valley Bank, National Association, of Duties as Bond Construction Trust Fund Bank
28. Directions of Issuer as to Disbursement of Bond Proceeds and Initial Requisition Forms
29. Certificate of Registration of Bonds

30. Registrar's Agreement
31. Deed from Berkeley County Public Service District to the Issuer
32. Requisition/Assignment Separate From Bond
33. Evidence of Payment of Prior Bonds and Notes

The closing of the purchase of \$10,257,957 in aggregate principal amount of Opequon Public Service District Water Revenue Bonds, Series 1993, dated July 29, 1993, by the West Virginia Water Development Authority, will take place at 9:00 a.m. on July 29, 1993. All transactions at such closing will be deemed to have taken place simultaneously on July 29, 1993, and no transaction shall be deemed to have been delivered unless until all transactions are complete and all documents are delivered.



**OPEQUON PUBLIC SERVICE DISTRICT**

**BOND RESOLUTION**

**Table of Contents**

	<u>Page</u>
<b>ARTICLE I</b>	
<b>STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS</b>	
Section 1.01	Authority for this Resolution . . . . . 1
Section 1.02	Findings . . . . . 1
Section 1.03	Bond Legislation Constitutes Contract . . . . . 3
Section 1.04	Definitions . . . . . 3
<b>ARTICLE II</b>	
<b>AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT</b>	
Section 2.01	Authorization of Acquisition and Construction of the Project . . . . . 11
<b>ARTICLE III</b>	
<b>AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT</b>	
Section 3.01	Authorization of Bonds . . . . . 12
Section 3.02	Terms of Bonds . . . . . 12
Section 3.03	Execution of Bonds . . . . . 13
Section 3.04	Authentication and Registration . . . . . 13
Section 3.05	Negotiability, Transfer and Registration . . . . . 13
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost . . . . . 14
Section 3.07	Bonds not to be Indebtedness of the Issuer . . . . . 14
Section 3.08	Bonds Secured by Pledge of Net Revenues . . . . . 14
Section 3.09	Form of Original Bonds . . . . . 15
FORM OF SERIES 1993 A BOND	. . . . . 16

Section 3.10	Sale of Original Bonds; Approval and Ratification of Execution of Loan Agreement with Authority . . . . .	22
Section 3.11	"Amended Schedule A" Filing . . . . .	22

**ARTICLE IV  
AUTHORIZATION OF REFUNDING AND REFINANCING  
OF Prior Bonds**

Section 4.01	Authorization of Refinancing and Refunding of Prior Bonds . . . . .	23
--------------	---------------------------------------------------------------------	----

**ARTICLE V  
FUNDS AND ACCOUNTS; SYSTEM REVENUES  
AND APPLICATION THEREOF**

Section 5.01	Establishment of Funds and Accounts with Depository Bank . . . . .	24
Section 5.02	Establishment of Bond Construction Trust Fund with Bond Construction Trust Fund Bank . . . . .	24
Section 5.03	Establishment of Funds and Accounts with Commission . . . . .	24
Section 5.04	System Revenues; Flow of Funds . . . . .	24

**ARTICLE VI  
BOND PROCEEDS; CONSTRUCTION  
DISBURSEMENTS**

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds . . . . .	29
Section 6.02	Disbursements From the Bond Construction Trust Fund . . . . .	30

**ARTICLE VII  
ADDITIONAL COVENANTS OF THE ISSUER**

Section 7.01	General Covenants of the Issuer . . . . .	31
Section 7.02	Bonds not to be Indebtedness of the Issuer . . . . .	31
Section 7.03	Bond Secured by Pledge of Net Revenues . . . . .	31
Section 7.04	Initial Schedule of Rates and Charges . . . . .	31
Section 7.05	Sale of the System . . . . .	30

Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances . . . . .	32
Section 7.07	Parity Bonds . . . . .	33
Section 7.08	Books and Records . . . . .	35
Section 7.09	Rates . . . . .	36
Section 7.10	Operating Budget and Audit . . . . .	36
Section 7.11	No Competing Franchise . . . . .	37
Section 7.12	Enforcement of Collections . . . . .	37
Section 7.13	No Free Services . . . . .	38
Section 7.14	Insurance and Construction Bonds . . . . .	38
Section 7.15	Completion of Project . . . . .	39
Section 7.16	Tax Covenants . . . . .	39
Section 7.17	Statutory Mortgage Lien . . . . .	40

**ARTICLE VIII  
INVESTMENT OF FUNDS; NON ARBITRAGE**

Section 8.01	Investments . . . . .	41
Section 8.02	Arbitrage . . . . .	41
Section 8.03	Tax Certificate and Rebate . . . . .	42

**ARTICLE IX  
DEFAULT AND REMEDIES**

Section 9.01	Events of Default . . . . .	44
Section 9.02	Remedies . . . . .	44
Section 9.03	Appointment of Receiver . . . . .	44

**ARTICLE X  
DEFEASANCE**

Section 10.01	Defeasance of Series 1993 A Bonds . . . . .	46
---------------	---------------------------------------------	----

**ARTICLE XI  
MISCELLANEOUS**

Section 11.01	Amendment or Modification of Bond Legislation . . . . .	47
Section 11.02	Bond Legislation Constitutes Contract . . . . .	47
Section 11.03	Severability of Invalid Provisions . . . . .	47
Section 11.04	Headings, Etc. . . . .	47

Section 11.05	Conflicting Provisions Repealed . . . . .	47
Section 11.06	Covenant of Due Procedure, Etc. . . . .	47
Section 11.07	Public Notice of Proposed Financing . . . . .	48
Section 11.08	Effective Date . . . . .	48
SIGNATURES	. . . . .	48
CERTIFICATION		

**OPEQUON PUBLIC SERVICE DISTRICT**

**BOND RESOLUTION**

AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS SYSTEM OF THE OPEQUON PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF AND THE REFINANCING AND REFUNDING OF VARIOUS Prior Bonds OF THE OPEQUON PUBLIC SERVICE DISTRICT THROUGH THE ISSUANCE BY THE OPEQUON PUBLIC SERVICE DISTRICT OF NOT MORE THAN ELEVEN MILLION DOLLARS (\$11,000,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1993; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH WATER REVENUE BONDS, SERIES 1993; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE OF SUCH WATER REVENUE BONDS, SERIES 1993 TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

**ARTICLE I**

**STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS**

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Enabling Act") and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (the "Refunding Act") (the Enabling Act and the Refunding Act are hereinafter collectively referred to as the "Act"), and other applicable provisions of law.

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

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

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

C. It is also deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that the Prior Bonds, as hereinafter defined, be refinanced and refunded with the proceeds of the Original Bonds, as hereinafter defined, in order to effect the termination and release of certain restrictions, conditions and limitations imposed on the Issuer by the Prior Indenture in connection with the Prior Bonds.

D. 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 Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

E. It is further deemed necessary for the Issuer to issue its Original Bonds in the total aggregate principal amount of not more than \$11,000,000, in one series, being the Series 1993 Bonds (the "Original Bonds") to permanently finance the costs of acquisition and construction of the Project and to refinance and refund the Prior Bonds, as hereinafter defined. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1993 Bonds prior to and during construction and acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, 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 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined, and, provided further, that all principal of and interest and redemption premium on the Prior Bonds, as well as all other costs relating to the refinancing and refunding of the Prior Bonds, and the

principal of and interest on the System Design Note shall also be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interest of the Issuer that its Original Bonds be issued and sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by a supplemental resolution.

H. There are no outstanding obligations of the Issuer which will rank either senior and prior to or on parity with the Bonds as to liens and sources of and security for payment, the Prior Bonds to be refinanced and refunded and the System Design Note to be fully satisfied simultaneously with the issuance of the Bonds.

I. Less than 50% of the proceeds of the Bonds will be used to refinance and refund the Prior Bonds.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds, as the case may be, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means the Enabling Act and the Refunding Act.

"Authority" means the West Virginia Water Development Authority, or any other agency of the State of West Virginia that succeeds to the functions of the

Authority, which is expected to be the original purchaser of the Original Bonds, provided that the Issuer must satisfy the legal and other requirements of the Program.

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

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.02 hereof.

"Bond Construction Trust Fund Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

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

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

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

"Bond Year" means each one-year period (or shorter period from the date of issuance of the Bonds) that ends at the close of business on October 1.

"Bonds" means the Original Bonds and, where appropriate, any bonds on a parity therewith authorized to be issued hereunder.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Investment Property" shall mean any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code, obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Issuer" means Opequon Public Service District, in Berkeley County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean the Loan Agreement to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.10 hereof and by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1993 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 1993 Bonds Reserve Account, if any. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1993 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$11,000,000, in aggregate principal amount of Series 1993 Bonds issued for the purpose of permanently financing a portion of the Costs of the Project, refinancing and refunding the Prior Bonds, and for such other purposes permitted and authorized by this Bond Legislation.

"Outstanding," when used with reference to Bonds as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered

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

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

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

"Prior Bonds" means the Series A Bond, the Series B Bond and the Series C Bond.

"Prior Indenture" means the Trust Indenture dated as of March 1, 1962 from the Issuer to The Peoples Trust Company (now The Peoples National Bank of Martinsburg), as supplemented and amended, pursuant to which the Series A Bond, the Series B Bond and the Series C Bond have been issued.

"Prior Resolution" means the resolution of the Issuer adopted May 4, 1992, as supplemented by the Issuer on May 4, 1993, authorizing the System Design Note.

"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.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;
- (f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;
- (g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;
- (h) The West Virginia "consolidated fund" managed by the West Virginia 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.

"Refunding Act" means Chapter 13, Article 2E of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

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

"Registrar" means the Bond Registrar.

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

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

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

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

"Series A Bond" means the Issuer's Water Revenue Bond, Series A, dated as of March 1, 1962, issued in the original principal amount of \$430,000 of which approximately \$184,000 is currently Outstanding.

"Series B Bond" means the Issuer's Water Revenue Bonds, Series B, dated as of March 1, 1970, issued in the original principal amount of \$640,000 of which approximately \$464,000 is currently Outstanding.

"Series C Bond" means the Issuer's Water Revenue Bonds, Series C, dated October 16, 1991, issued in the original principal amount of \$372,000 of which approximately \$290,000 is currently Outstanding.

"Series 1993 Bonds" means the not more than \$11,000,000 in aggregate principal amount of Water Revenue Bonds, Series 1993, of the Issuer.

"Series 1993 Bonds Reserve Account" means the Series 1993 Bonds Reserve Account established in the Series 1993 Bonds Sinking Fund pursuant to Section 5.03 hereof.

"Series 1993 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1993 Bonds in the then current or any succeeding year.

"Series 1993 Bonds Sinking Fund" means the Series 1993 Bonds Sinking Fund established by Section 5.03 hereof.

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, as further defined in Section 5.04(B) hereof.

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

"System Design Note" means the Issuer's Waterworks System Design Notes, Series 1992, dated May 4, 1992, issued in the original aggregate principal amount of \$165,000 of which approximately \$165,000.00 is currently Outstanding.

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

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 OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$9,414,887 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof.

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1993 Bonds, funding a reserve account for the Series 1993 Bonds, paying Costs of the Project not otherwise provided for, refinancing and refunding the Prior Bonds and thereby discharging the Prior Indenture, paying the System Design Note to permanently finance the Costs of the Project paid with the proceeds thereof and thereby discharging the Prior Resolution and paying certain costs of issuance of the Original Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$11,000,000. Said Original Bonds shall be issued in one series to be designated "Water Revenue Bonds, Series 1993," in the aggregate principal amount of not more than \$11,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Bonds remaining after the funding of the Reserve Account (if funded from the Bond proceeds), capitalization of interest, if any, and refinancing and refunding the Prior Bonds, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

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

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The 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 Reserve Account. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon. The Issuer has no taxing power.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 1993 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. 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 Fund, the Reserve Account 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 3.09. Form of Original Bonds. The text of the Original Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof;

[Form of Series 1993 Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
OPEQUON PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND,  
SERIES 1993

No. R-\_\_\_\_\_

\$\_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That OPEQUON PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_), 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 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, 1993. 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 \_\_\_\_\_, 1993.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); (ii) to refinance and refund certain prior obligations of the Issuer; (iii) to pay a portion of the interest on the Bonds during the construction of the Project and for not more than six

(6) months thereafter; and (iv) to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project and any further 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 Resolution duly adopted by the Issuer on \_\_\_\_\_, 1993 and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 1993 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

This Bond is 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, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1993 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1993 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds provided however, that so long as there exists in the Series 1993 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding prior to or on a parity with the Bonds, 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, shall be applied solely to the payment of the Costs of the Project and the refinancing and refunding described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

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

OPEQUON PUBLIC SERVICE DISTRICT

[SEAL]

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

(Form of)

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of the Series 1993 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: \_\_\_\_\_,

ONE VALLEY BANK, NATIONAL ASSOCIATION,  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

**EXHIBIT A**

**SCHEDULE OF ANNUAL DEBT SERVICE**



Section 3.10. Sale of Original Bonds; Approval and Ratification of Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit B" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.11. "Amended Schedule A" Filing. 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.

## ARTICLE IV

### AUTHORIZATION OF REFINANCING AND REFUNDING OF PRIOR BONDS

Section 4.01. Authorization of Refinancing and Refunding of Prior Bonds. There is hereby authorized, pursuant to the Refunding Act and other provisions of law, the refinancing and refunding of the Prior Bonds at an estimated cost of \$843,069. The Prior Bonds, or any portion thereof, may be paid in full upon the issuance of the Original Bonds with proceeds of the Original Bonds or such proceeds may be placed into escrow in a manner such that the principal of and interest on such escrowed proceeds shall be sufficient to pay the principal of and interest on the Prior Bonds, or any part thereof, as the same become due and payable, all as may be provided in the Supplemental Resolution. Without limiting the generality of the foregoing, the payment of the principal, interest and redemption premium, if any, required to refinance and refund the Prior Bonds is hereby authorized and directed in order to cause the Prior Indenture and the lien thereof to be discharged and released simultaneously with the issuance of the Original Bonds. In connection therewith, the Governing Body of the Issuer specifically determines that one of the purposes of issuing the Original Bonds is to effect the release and termination of certain restrictions, conditions and limitations imposed on the Issuer by the Prior Indenture in connection with the Prior Bonds. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof.

## ARTICLE V

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created 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. Operation and Maintenance Fund;
3. Renewal and Replacement Fund; and
4. Rebate Fund.

Section 5.02. Establishment of Bond Construction Trust Fund with Bond Construction Trust Fund Bank. The Bond Construction Trust Fund is hereby established with and shall be held by the Bond Construction Trust Fund Bank separate and apart from all other funds or accounts of the Bond Construction Trust Fund Bank.

Section 5.03. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with the Commission:

1. Series 1993 Bonds Sinking Fund;
2. Within the Series 1993 Bonds Sinking Fund, the Series 1993 Bonds Reserve Account.

Section 5.04. System Revenues; Flow of Funds.

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

1. The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount determined by the Governing Body in accordance with its budget, to be necessary and sufficient to pay current Operating Expenses.

2. The Issuer shall next (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1993 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 1993 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1993 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 1993 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, and simultaneously (ii) on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1993 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1993 Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1993 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 1993 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.

3. The Issuer shall next on the first day of each month, commencing the month following the completion of the Project, if not fully funded upon issuance of the Series 1993 Bonds, simultaneously apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1993 Bonds Reserve Account, an amount equal to 1/120 of the Series 1993 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1993 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 1993 Bonds Reserve Requirement.

4. The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing the month following the completion of the Project, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1993 Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1993 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1993 Bonds as the same shall become due. Moneys in the Series 1993 Bonds Reserve Account shall be

used only for the purpose of paying principal of and interest on the Series 1993 Bonds, as the same shall come due, when other moneys in the Series 1993 Bond Sinking Fund are insufficient therefor, and for no other purpose except for permitted transfers to the Rebate Fund.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Sinking Fund and Reserve Account shall be returned, not less than once each year on the 1st day of October, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Original Bonds, and then to the next ensuing principal payment due thereon.

Except with respect to transfers to the Rebate Fund, any withdrawals from the Series 1993 Bonds Reserve Account which result in a reduction in the balance of the Series 1993 Bonds Reserve Account to below the Series 1993 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 1993 Bonds Sinking Fund for payment of debt service on the Series 1993 Bonds.

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 a 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 1993 Bonds Sinking Fund, or into the Series 1993 Bonds Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Series 1993 Bonds Reserve Account are at least equal to the aggregate principal amount of the Series 1993 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 Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Saturday, Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with

appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Series 1993 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund, the Sinking Fund, including the Reserve Account 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 Fund, including the Reserve Account 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.

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

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

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

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

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.

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 1993 Bonds, there shall first be deposited with the Commission in the Series 1993 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 1993 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 1993 Bonds, there shall be deposited with the Commission in the Series 1993 Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 1993 Bonds Reserve Account.

C. Next from the proceeds of the Series 1993 Bonds, there shall be paid to Holders of the Prior Bonds and/or an escrow agent, as provided in the Supplemental Resolution, the sum necessary to refinance and refund the Prior Bonds, including any accrued interest and redemption premiums thereon.

D. Next, from the proceeds of the Series 1993 Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, together with interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer, including, without limitation, the System Design Note.

E. The remaining moneys derived from the sale of the Bonds shall be deposited with the Bond Construction Trust Fund 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.

F. The Bond Construction Trust Fund 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. Except with respect to any transfers to the Rebate Fund, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1993 Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, 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 Bond Construction Trust Fund 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 any case any contract provides for the retention of a portion of the contract price, the Bond Construction Trust Fund 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 Bond Construction Trust Fund Bank to be made for the purposes set forth in said certificate, and the Bond Construction Trust Fund 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 Bond Construction Trust Fund Bank written statements advising the Bond Construction Trust Fund Bank of its then authorized representative.

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

After completion of the Project, as certified by the Consulting Engineers, the Bond Construction Trust Fund Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Depository Bank for deposit in the Series 1993 Bonds Reserve Account, and when fully funded the Depository Bank 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 payment, due on the Series 1993 Bonds and thereafter to the next ensuing principal payment due thereon.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 7.03. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1993 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. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System, a copy of which is attached hereto as Exhibit C and incorporated herein, shall be as set forth and approved and described in the Recommended Decision entered July 14, 1993, by Thomas N. Trent, Administrative Law Judge, which Recommended Decision became the Final Order of the Public Service Commission of West Virginia on July 21, 1993 (Case No. 93-0094-PWD-CN), and such rates are hereby adopted.

Section 7.05. Sale of the System. Except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Fund,

and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Original Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07, so long as any of the Original Bonds are Outstanding, the Issuer

shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Original Bonds. All obligations issued by the Issuer after the issuance of the Original Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1993 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Original Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Original Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds.

A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

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

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

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

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 1993 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and

source of and security for payment from such revenues, with the Series 1993 Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Original Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

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

A. A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation with respect to said Bonds and the status of all said funds and accounts.

C. The amount of any Bonds or other obligations outstanding.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirement are on deposit in the Reserve Account and reserve accounts for obligations on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate schedule described in Section 7.04.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. The Issuer, by the unanimous consent and approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. If the budget is so amended, a copy of the amended budget shall be submitted to the Authority within 15 days of the adoption of such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year. No expenditures for

the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$200,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and

such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interest may appear.

C. Prior to handling any funds of the Issuer, the Treasurer of the Issuer shall furnish bond in the amount of \$25,000 for the use and benefit of the Issuer.

Section 7.15. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.16. 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 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) that, in the event that both (A) in excess of 5% of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the 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 Bonds used for a Private Business Use shall be used for a Private Business Use

related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the 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 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure that tax-exempt status of the 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 any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1993 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion. The Issuer shall deliver or cause the Consulting Engineer to deliver all certificates required by the Loan Agreement, including without limitation the certificates required by Sections 4.1(b)(xviii) and 6.8 of the Loan Agreement.

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

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Depository Bank and the Bond Construction Trust Fund Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year during which the respective banks hold any such funds, accounts or investments (or more often if reasonably requested by the Issuer), a summary of such funds, accounts, and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage. 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 Bonds which would cause the Original 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 Original Bonds) so that the interest on the

Original Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. 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 Original Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Original 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. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. 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 the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. 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 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such

rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

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 to the Authority 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 Original 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.

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

## ARTICLE IX

### DEFAULT AND REMEDIES

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

(1) If default occurs in the due and punctual payment of the principal of or interest on any Bond; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds, set forth in this Bond Legislation, any supplemental resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

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

rates, rentals, fees, charges or other avenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

**ARTICLE X**  
**DEFEASANCE**

Section 10.01. Defeasance of Series 1993 Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1993 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 1993 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 1993 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 Original Bonds from gross income for federal income tax purposes.

Series 1993 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1993 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 1993 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 1993 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 1993 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

**ARTICLE XI**  
**MISCELLANEOUS**

Section 11.01. Amendment or Modification of Bond Legislation. 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 Holders 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 compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Original Bonds from gross income of the holders thereof.

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

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

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and

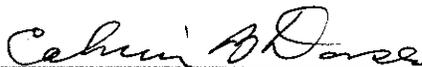
members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

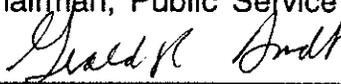
Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper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

- (1) The respective maximum amounts of the Bonds to be issued;
- (2) The respective maximum interest rates and terms of the Bonds originally authorized hereby;
- (3) The public service properties to be acquired or constructed and the cost of the same;
- (4) The maximum anticipated rates which will be charged by the Issuer; and
- (5) The date that the formal application for a Certificate of convenience and Necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 28<sup>th</sup> day of July, 1993.

  
\_\_\_\_\_  
Chairman, Public Service Board

  
\_\_\_\_\_  
Member, Public Service Board

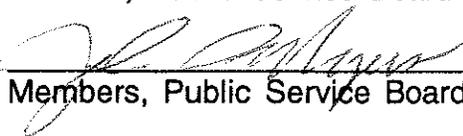
  
\_\_\_\_\_  
Members, Public Service Board

Exhibit A

**DESCRIPTION OF PROJECT**

The acquisition of an existing water intake facility on the Potomac River near the area known as Falling Waters, Berkeley County, West Virginia, enlargement of the water intake facility, construction of a new water treatment and storage facility by the Issuer near Falling Waters, construction of water storage facilities near Martinsburg, Berkeley County, West Virginia and near the area known as Marlowe, Berkeley County, West Virginia, and acquisition of certain water distribution facilities from the Berkeley County Public Service District, together with all appurtenant facilities.

Exhibit B

**LOAN AGREEMENT**

[See Transcript Document No. 3]

Exhibit C

**SCHEDULE OF RATES AND CHANGES**

157632.1

OPEQUON PUBLIC SERVICE DISTRICT - WATER  
CASE NO. 93-0094-PWD-CNApproved RatesAPPLICABILITY

Applicable within entire territory served.

AVAILABILITY

Available for general domestic and commercial service.

RATES

First	5,000 gallons used per month	\$5.72 per 1,000 gallons
All Over	5,000 gallons used per month	\$4.30 per 1,000 gallons

AVAILABILITY

Available for general industrial service.

RATES

\$3.05 per 1,000 gallons used per month.

No bill will rendered for less than the following amount, according to the size of the meter installed:

5/8 inch meter	\$ 17.16 per month
1 inch meter	42.90 per month
1-1/2 inch meter	85.50 per month
2 inch meter	137.30 per month
3 inch meter	257.40 per month
4 inch meter	429.00 per month
6 inch meter	858.00 per month

SERVICE CONNECTION CHARGE

\$300.00

RECONNECTION CHARGE

\$20.00

DELAYED PAYMENT PENALTY

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

OPEQUON PUBLIC SERVICE DISTRICT - WATER  
CASE NO. 93-0094-PWD-CNApproved RatesPRIVATE FIRE PROTECTION:

1. Fire hydrants shall pay an annual rental of \$88.00 per unit.
2. Fire hose connections (simplex or duplex) shall pay an annual rental of \$58.67 per unit.
3. Sprinkler systems shall pay an annual rental of \$88.00 plus \$0.29 per sprinkler unit.

SEASONAL AND TEMPORARY WATER USERS:

1. Vacation homes, cottages, trailers, or other temporary and seasonal users shall make application for special water use in accordance with Rule 4.1B. Also, the user shall notify the District each year when they desire to have the water service either turned off in the fall or turned on in the spring.

## Special Charges Applicable to Temporary or Seasonal Water users:

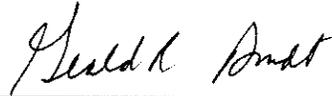
1. At the time of filing an application for service: (a) the applicant shall make a security deposit to the District in the amount of \$50.00. The security deposit shall be maintained until permanent discontinuance of the service; and (b) the applicant shall pay the service connection charges.
2. The user shall forfeit the total security deposit, if the District can show that the user tampered with the water meter or any other District property.

The District shall pay the higher of 5% or the current prevailing annual interest rate on the residual amount of the security deposit. In January of each year, the District will advise each special user of the status of their account. If interest is due, it will accompany the statement; if monies are due, payment must be made within thirty (30) days of the date of the bill/statement.

**CERTIFICATION**

Certified a true copy of a Resolution duly adopted by the Public Service Board of OPEQUON PUBLIC SERVICE DISTRICT on the 28th day of July, 1993.

Dated: July 29, 1993.



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Secretary, Public Service District

[SEAL]



**OPEQUON PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 1993**

**SUPPLEMENTAL RESOLUTION**

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1993 OF OPEQUON PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A BONDS REGISTRAR, DEPOSITORY BANK, BOND CONSTRUCTION TRUST FUND BANK, AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Opequon Public Service District (the "Issuer") has duly and officially adopted a Bond Resolution, effective July 28, 1993, (the "Bond Resolution") entitled:

**BOND RESOLUTION**

AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS SYSTEM OF THE OPEQUON PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF AND THE REFINANCING AND REFUNDING OF VARIOUS PRIOR OBLIGATIONS OF THE OPEQUON PUBLIC SERVICE DISTRICT THROUGH THE ISSUANCE BY THE OPEQUON PUBLIC SERVICE DISTRICT OF NOT MORE THAN ELEVEN MILLION DOLLARS (\$11,000,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1993; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH WATER REVENUE BONDS, SERIES 1993; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE OF SUCH WATER REVENUE BONDS, SERIES 1993 TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed \$11,000,000 to be issued in one series, the Series 1993 Bonds to be in an aggregate principal amount of not more than \$11,000,000 (the "Series 1993 Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1993 Bonds dated July 29, 1993 (sometimes 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 "Enabling Act") and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (the "Refunding Act") (the Enabling Act and the Refunding Act are hereinafter collectively referred to as the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and exact principal amount, maturity dates, interest rate, interest and principal payment dates, sale price and other terms of the Series 1993 Bonds should be established by a supplemental resolution pertaining to the Series 1993 Bonds; and that other matters relating to the Series 1993 Bonds be herein provided for;

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

WHEREAS, the Series 1993 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 amount, the price, the maturity dates, the redemption provisions, the interest rate and the interest and principal payment dates of the Series 1993 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 1993 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF OPEQUON PUBLIC SERVICE 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 Water Revenue Bonds, Series 1993 of the Issuer, originally represented by a single bond, numbered R-1, in the principal amount of \$10,257,957. The Series 1993 Bonds shall be dated the date of delivery thereof, shall finally mature on April 1, 2033, shall bear interest at the rate of 6.75% per annum payable semi-annually on April 1 and October 1 of each year, first interest payable October 1, 1993, shall be subject to redemption upon the 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 registered owner of the Series 1993 Bonds, and shall be payable in installments of principal on October 1 (except the final principal installment which shall be due on April 1, 2033) 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.

Section 2. All other provisions relating to the Series 1993 Bonds and the text of the Series 1993 Bonds shall be in substantially the form provided in the Series 1993 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, approved and directed. 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 appoint and designate The Peoples National Bank of Martinsburg, West Virginia, Martinsburg, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Bond Construction Trust Fund Bank under the Bond Resolution.

Section 8. The Series 1993 Bonds proceeds in the amount of \$375,000 shall be deposited in a Series 1993 Bonds Sinking Fund as capitalized interest.

Section 9. The Series 1993 Bonds proceeds in the amount of \$-0- shall be deposited in a Series 1993 Bonds Reserve Account.

Section 10. The Series 1993 Proceeds in the amount of \$843,069.38 shall be disbursed as follows in order to refinance and refund the Prior Bonds:

A. \$187,492.20 shall be disbursed to General Electric Capital Asset Management Corporation as holder of the Series A Bond, in full satisfaction of all amounts owing with respect to the Series A Bond and to retire the Series A Bond on the date hereof.

B. \$408,312.80 shall be disbursed to the United States Department of Commerce, Economic Development Administration, as holder of the Series B Bond, in full satisfaction of all amounts owing with respect to the Series B Bond and to retire the Series B Bond on the date hereof.

C. \$247,264.38 to The Peoples National Bank of Martinsburg, West Virginia, in full satisfaction of all amounts owing with respect to the Series C Bond and to retire the Series C Bond on the date hereof.

D. After disbursement of the foregoing funds as set forth in this Section 10, the Chairman is authorized and directed to take all actions as may be necessary to cause the discharge of the Prior Indenture, the foregoing disbursements having defeased all of the Prior Bonds.

Section 11. The remaining proceeds of the Series 1993 Bonds shall be deposited in the Bond Construction Trust Fund for payment of costs of the Project, including repayment of any temporary bank loans or Authority advances made or incurred with respect to the Project and payment of cost and issuance of the Series 1993 Bonds. The repayment of the aforesaid temporary bank loans shall include the disbursement of the sum of \$165,000 to Old National Bank, Martinsburg, West Virginia to pay the System Design Note and thereby discharge the Prior Resolution.

Section 12. The Issuer hereby determines to pay, on the date of delivery of the Series 1993 Bonds and receipt of proceeds thereof, all borrowings, if any, of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the cost of the Project, including, but not limited to, all borrowings from the West Virginia Water Development Authority and the System Design Note as referenced in Section 11 above.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 1993 Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Series 1993 Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about July 29, 1993.

Section 14. The acquisition and construction of the Project and the permanent financing of the Costs thereof and the refinancing and refunding of the Prior Bonds with the proceeds of the Series 1993 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

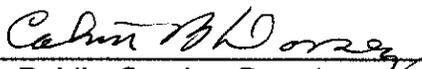
Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank in time deposits of the Depository Bank meeting the requirements set forth under the definition of "Qualified Investments" in the Bond Resolution and therefore the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such time deposits, until further directed by the Issuer. The Issuer further determines that it is in the best interest of the Issuer to invest all monies in the Bond Construction Trust Fund in seven-day repurchase agreements fully secured by Government Obligations, as defined in the Bond Resolution, and therefore the Issuer directs the Bond Construction Trust Fund Bank to take such actions as may be necessary to cause such monies to be invested in such seven-day repurchase agreements until further directed by the Issuer. Monies in the Sinking Fund for the Series 1993 Bonds shall be invested by the Municipal Bond Commission in the West Virginia Restricted Consolidated Fund.

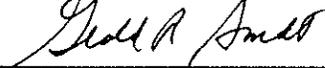
Section 16. The Issuer shall not permit at any time or times any of the proceeds of the Series 1993 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 1993 Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (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 promulgated or to be promulgated thereunder.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 28th day of July, 1993.

OPEQUON PUBLIC SERVICE DISTRICT

  
\_\_\_\_\_  
Chairman, Public Service Board

  
\_\_\_\_\_  
Member, Public Service Board

  
\_\_\_\_\_  
Member, Public Service Board

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of OPEQUON PUBLIC SERVICE DISTRICT on the 28th day of July 1993.

Dated: July 29, 1993.

[SEAL]

  
\_\_\_\_\_  
Secretary, Public Service Board

157735.1



LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

Opequon Public Service District  

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(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

## ARTICLE I

### Definitions

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

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto.

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

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

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

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

1.9 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources\* (or in the process of preparation by such

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\* Now administered by the West Virginia Division of Environmental Protection.

Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by the Authority.

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation

and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

### ARTICLE III

#### Conditions to Loan; Issuance of Local Bonds

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

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

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

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

Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

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

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

(g) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the

accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied

to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

#### ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

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

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least

one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

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

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

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

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

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

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

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

Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

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

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

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that

term is defined in the Code) from time to time as the Authority may request.

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

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

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

4.4 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

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

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

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.9 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

#### ARTICLE V

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

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

the Local Act and in compliance with the provisions of Subsection 4.1(b) (ii) hereof.

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the

Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

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

6.6 Notwithstanding Section 6.5, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of

the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE VII

### Miscellaneous

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

7.2 Schedule X shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

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

Opequon Public Service District  
[Proper Name of Governmental Agency]

(SEAL)

By: *Calvin B. Doney*  
Its: Chairman

Attest:

Date: July 29, 1993

*Gerald R. Amold*  
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By: *Daniel B. Yakosky*  
Director

Attest:

Date: July 29, 1993

*Barbara B. Meadows*  
Secretary-Treasurer

WDA-5X  
(May 1993)

SCHEDULE X  
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 10,257,957.00  
Purchase Price of Local Bonds \$ 10,257,957.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 6.75 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to source of and security for payment with the following obligations:

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:



**West Virginia Water Development Authority  
Interest Bearing Local Loan from Series 1993 B-II Pool  
Debt Service Schedule - Opequon Public Service District**

**Closing July 29, 1993  
Interest Bearing Loan: \$10,257,957.00**

<u>Date</u>	<u>Coupon</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
10/1/93	6.75%	0.00	119,248.75	119,248.75
10/1/94	6.75%	0.00	692,412.11	692,412.11
10/1/95	6.75%	58,805.54	692,412.11	751,217.65
10/1/96	6.75%	62,774.92	688,442.74	751,217.66
10/1/97	6.75%	67,012.23	684,205.43	751,217.66
10/1/98	6.75%	71,535.55	679,682.10	751,217.65
10/1/99	6.75%	76,364.20	674,853.45	751,217.65
10/1/00	6.75%	81,518.78	669,698.87	751,217.65
10/1/01	6.75%	87,021.30	664,196.35	751,217.65
10/1/02	6.75%	92,895.24	658,322.41	751,217.65
10/1/03	6.75%	99,165.67	652,051.98	751,217.65
10/1/04	6.75%	105,859.36	645,358.30	751,217.66
10/1/05	6.75%	113,004.86	638,212.79	751,217.65
10/1/06	6.75%	120,632.70	630,584.96	751,217.66
10/1/07	6.75%	128,775.40	622,442.25	751,217.65
10/1/08	6.75%	137,467.74	613,749.91	751,217.65
10/1/09	6.75%	146,746.81	604,470.84	751,217.65
10/1/10	6.75%	156,652.23	594,565.43	751,217.66
10/1/11	6.75%	167,226.25	583,991.40	751,217.65
10/1/12	6.75%	178,514.03	572,703.63	751,217.66
10/1/13	6.75%	190,563.72	560,653.93	751,217.65
10/1/14	6.75%	203,426.78	547,790.88	751,217.66
10/1/15	6.75%	217,158.08	534,059.57	751,217.65
10/1/16	6.75%	231,816.26	519,401.40	751,217.66
10/1/17	6.75%	247,463.85	503,753.80	751,217.65
10/1/18	6.75%	264,167.67	487,049.99	751,217.66
10/1/19	6.75%	281,998.98	469,218.67	751,217.65
10/1/20	6.75%	301,033.91	450,183.74	751,217.65
10/1/21	6.75%	321,353.70	429,863.95	751,217.65
10/1/22	6.75%	343,045.07	408,172.58	751,217.65
10/1/23	6.75%	366,200.61	385,017.04	751,217.65
10/1/24	6.75%	390,919.15	360,298.50	751,217.65
10/1/25	6.75%	417,306.19	333,911.46	751,217.65
10/1/26	6.75%	445,474.36	305,743.29	751,217.65
10/1/27	6.75%	475,543.88	275,673.77	751,217.65
10/1/28	6.75%	507,643.09	243,574.56	751,217.65
10/1/29	6.75%	541,909.00	209,308.65	751,217.65
10/1/30	6.75%	578,487.86	172,729.79	751,217.65
10/1/31	6.75%	617,535.80	133,681.86	751,217.66
10/1/32	6.75%	659,219.46	91,998.19	751,217.65
4/1/33	6.75%	703,716.77	23,750.44	727,467.21
		10,257,957.00	19,827,441.87	30,085,398.87



SCHEDULE Y  
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.

2. "System" means the public service properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Bureau of Public Health.

2. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

3. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

4. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

5. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

\_\_\_\_\_  
(Issuer)

\_\_\_\_\_  
(Name of Bonds)

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

1. The Bonds are being issued for the purpose of \_\_\_\_\_

\_\_\_\_\_  
(the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the \_\_\_\_\_ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (vi) that the net proceeds of the Bonds, together with all other moneys on deposit or to be

simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

\_\_\_\_\_  
By: \_\_\_\_\_

West Virginia License No. \_\_\_\_\_

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated \_\_\_\_\_, 19\_\_\_\_, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated \_\_\_\_\_, 19\_\_ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$\_\_\_\_\_, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning \_\_\_\_\_ 1, 19\_\_\_\_, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
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The Local Bonds are issued for the purpose of \_\_\_\_\_  
\_\_\_\_\_ and paying certain issuance and other costs  
in connection therewith.

We have also examined the applicable provisions of \_\_\_\_\_  
\_\_\_\_\_ of the Code of West Virginia, 1931, as

amended (the "Local Statute"), and the bond \_\_\_\_\_ duly enacted by the Governmental Agency on \_\_\_\_\_ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

\_\_\_\_\_  
[Name of Governmental Agency]  
\_\_\_\_\_

\_\_\_\_\_  
[Name of Bond Issue]  
\_\_\_\_\_

Fiscal Year - \_\_\_\_

Report Month: \_\_\_\_\_

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

Witnesseth my signature this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

[Name of Governmental Agency]

By: \_\_\_\_\_  
Authorized Officer



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: July 14, 1993

CASE NO. 93-0094-PWD-CN

OPEQUON PUBLIC SERVICE DISTRICT, a public utility, Martinsburg, Berkeley County.

Application for a certificate of convenience and necessity to acquire, construct, operate and maintain water production, transmission and storage facilities in Falling Waters and Opequon Magisterial Districts and the City of Martinsburg, Berkeley County, and for approval of financing and rates and charges incidental thereto.

RECOMMENDED DECISION

On February 4, 1993, the Opequon Public Service District, a public utility, Martinsburg, Berkeley County, West Virginia, filed a duly verified application for a certificate of convenience and necessity to acquire, construct, maintain and operate certain water production, transmission and storage facilities located in Falling Waters and Opequon Magisterial Districts and the City of Martinsburg, Berkeley County, West Virginia, and for approval of increased rates and charges associated therewith.

Pursuant to a Commission Order entered February 9, 1993, the District was deemed to have previously met the prefiling requirements of West Virginia Code §16-13A-25, and this filing was formally placed on the Commission's docket of active cases. Additionally, on February 9, 1993, a Notice of Filing was entered requiring publication of said Notice for public legal notice of this filing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in the City of Martinsburg, Berkeley County, making due return to the Commission of proper certification of publication immediately after publication. That Notice provided for formal protest or objections to be filed with the Commission, in writing, within thirty (30) days after the publication of the Notice, and for waiver of hearing and summary disposition of the application in the absence of written protest.

On February 24, 1993, the Applicant filed a Certificate of Publication, demonstrating full compliance with the Notice of Filing entered February 9, 1993, by publication of same on February 16, 1993, in the Martinsburg Journal. Pursuant to this public legal notice, substantial public protest was filed in opposition to the increased rates and charges associated with this application and a public hearing in Martinsburg was requested.

By Procedural Order entered April 1, 1993, this matter was scheduled for public hearing on June 17, 1993, in Martinsburg.

On April 19, 1993, Boyd S. Butts, Chairman of the Hedgesville Public Service District, filed a letter requesting intervenor status in this case for Hedgesville without stating any reasons therefore or addressing the requirements of Rule 12.6 of the Commission's Rules of Practice and Procedure.

By Procedural Order entered April 23, 1993, the hearing in this matter was rescheduled for May 19, 1993, in Martinsburg, at the request of the Applicant and with the approval of Commission Staff.

On April 28, 1993, Larry Smith, Roger Hamood and Ronald Butts, all residents of Martinsburg, West Virginia, requested intervenor status in this and three other cases involving utility service in the Martinsburg area currently pending before the Commission. Although their letters cited Rule 12.6(a), there were no reasons presented for the requested intervention and it is noted that Mr. Ronald Butts requested to intervene in two cases in which he is the named Complainant and already an active party.

On May 7, 1993, Attorney Craig Manford filed a formal Notice of Appearance in this matter on behalf of concerned citizens of Berkeley County, West Virginia. Mr. Manford also filed a Motion to Continue or Reinstate Prior Hearing Date seeking additional time to prepare for said hearing.

On May 11, 1993, the Applicant filed a formal Objection to Motion to Continue or Reinstate Prior Hearing Date stating that this certificate case had essentially been pending before the Commission and under public notice since July, 1992, affording all interested parties ample opportunity to prepare for hearing. The Applicant further pointed out that several witnesses, some of whom reside outside of the local region, had already made arrangements to be at the hearing on May 19, 1993. The Administrative Law Judge was also informed that the Notice of Hearing for the May 19, 1993 hearing has already been published for public legal notice, as well. The Staff of the Public Service Commission was also ready to proceed on the scheduled date.

By Procedural Order issued May 13, 1993, the requests to intervene in this matter filed on April 19, 1993, and April 28, 1993, on behalf of the Hedgesville Public Service District, Larry Smith, Roger Hamood, and Ronald Butts were denied for failure to comply with Rule 12.6(a) of the Commission's Rules of Practice and Procedure. Additionally, the Motion to Continue or Reinstate Prior Hearing Date, filed on May 7, 1993 by the Concerned Citizens of Berkeley County, was also denied.

The hearing convened as scheduled with all parties present and represented by counsel. The District was present in the person of its Chairman, Bruce Dorsey, and was represented by its counsel, Hoy G. Shingleton, Jr. The Staff of the Public Service Commission was present and represented by Staff Attorney Cassius H. Toon. Representatives of the Concerned Citizens of Berkeley County (CCBC) group were present and

represented by its attorney Byron Craig Manford. CCBC moved for intervenor status at the initiation of the hearing and such status was granted, without objection from the parties. An accurate transcript of the hearing consisting of 296 pages of testimony was filed on June 1, 1993. All parties also filed timely briefs and such post-hearing exhibits as were requested and authorized.

#### EVIDENCE

Statements of protest, objection or support were taken from the public at the beginning of the testimony. Members of the public expressed concern about the current surcharge collected by the District and the effect of this proposed project on rates in general. The effect of residential growth within the system was broached, as well as the quality of current water supplies. (Tr., pp. 9-16).

The District called its General Manager, Betty Robinson, as its first witness. The District went on-line in November 1962 to serve 327 customers from a surface water source known as the Frye Quarry located near Berkeley Station. The system continued to enlarge and interconnected with the City of Martinsburg system in 1969, for intermittent emergency use of each other's water supply. By June 30, 1988, the District had a total of 2,216 customers and by April 30, 1993, it had a total of 3,052. Additionally, real estate development of 1,180 new residential lots is under way in the District's service territory which will eventually be served by the District's system. (Tr., pp. 6-25).

The Public Service Commission also approved an interconnection between the Opequon system and the Hedgesville Public Service District for the prospective use by the Hedgesville system of Opequon's treated water. Currently, nearly all developer-installed lines are added to the District at no cost; however, previous main extension agreements exist which call for reimbursement by the District. (Tr., pp. 25-29).

The District currently draws its raw water from the original Frye Quarry and one of two wells drilled in 1985 on the Cookus property. The District also purchases treated water from the City of Martinsburg for resale to the District's customers. In total the quarry produces about 12% of the District's needs, the Cookus well about 17%, and the remainder, or about 21 million gallons per month, is purchased from Martinsburg. (Tr., pp. 29-32).

The District currently employs ten persons full-time, two part-time water operators, and two other part-time employees. The District proposes to hire an outside construction foreman if this proposed project is approved. (Tr., pp. 32-33).

The current temporary surcharge on Opequon bills results from the increased amount of purchased water that the District obtained from the City starting in the mid-1980s, originally approved by the Public Service Commission in 1988, and again in 1990. If this proposed new project is approved and built the surcharge will be eliminated along with the need to purchase treated water. The proposed project involves the purchase of a

raw water intake on the Potomac River, previously used by the DuPont company, and construction of a water treatment plant for that water. DuPont will then become an industrial water customer of the District, at a negotiated rate of \$2 per thousand gallons delivered, subject to approval of the Public Service Commission. (Tr., pp. 34-37).

The District has always been concerned about future water sources and has been actively seeking prospective development sites since the late 1970s, all to no avail. (Tr., pp. 37-40).

On cross-examination by CCBC, Ms. Robinson explained the District's quarry system in greater detail. Actually the District owns two quarries, pumping from the one into the Frye quarry. The combined quarries supply is 12% of the District's total supply. If pumped hard the quarries get too low for satisfactory use. The treatment plant located at the quarry site is also a limitation on production. The quarries are recharged from ground water and surface run-off and the water is very hard and corrosive. A benefit of the river source is softer water. The District has a very small number of industrial customers and has recently initiated a new service classification for multi-family units with single meters. The District has obtained a water intake permit from the State of Maryland allowing the withdrawal of 2.67 million gallons of water per day from the river through the year 2010. (Tr., pp. 40-64).

Under cross-examination by the Commission Staff, Ms. Robinson clarified that the District had originally sought two additional employees in this application but agreed to abide by Commission Staff's recommendation for a single additional employee. (Tr., pp. 70-71).

On recross by CCBC, Ms. Robinson testified that the District billed for approximately 21 to 22 million gallons of water used per month, and had 2,662 residential, 290 commercial, and 97 multi-family housing customers which are billed at the commercial rate. The residential customers used approximately 11 million gallons, the commercial customers used 5.36 million, multi-family units used 4 million and the industrials used half a million gallons. (Tr., pp. 71-79).

Next to testify for the District was George Matthew Brown, who is a highly qualified engineer for Acre Engineers & Consultants, Inc., and the project manager for the proposed project in this case. Mr. Brown's company is under contract for the design and construction services for the proposed water treatment system. He explained that the project included rehabilitation and upgrade of a river intake, construction of the actual water treatment plant and waste handling facilities and a storage tank. Mr. Brown's firm has determined that the intake is sufficient for the District's needs and will last throughout the designed service period. A water quality analysis of the Potomac River was performed under the Federal Safe Drinking Water Act and it was determined that it was a very good source of water. A treatability analysis was also performed by an outside firm to ascertain if the modular treatment unit intended for the Opequon plant could adequately treat the water and the results were very good. The water is not hard at all, and is only modestly corrosive. (Tr., pp. 85-96).

Mr. Brown then explained the sizing of the plant. Based on current average and maximum day demand and projections of same through the end of the design period, a maximum day demand of three million gallons per day was forecast. A pre-engineered modular treatment facility was chosen because of cost savings, and the good results of the actual treatability study. A six million gallon per day configuration for the plant was chosen because of West Virginia Department of Health guidelines requiring treatment capacity redundancy and satisfactory capitalized cost differentials between the six million gpd plant and smaller units. The increased cost for the higher capacity was only three percent more than that of the smaller units, due to increased operational flexibility and lower operational costs. Additional savings are realized by doing the larger capacity construction now rather than upgrading later. (Tr., pp. 96-106).

On cross-examination by the CCBC, Mr. Brown explained the redundancy requirements of the Department of Health, and that the plant is required to be able to meet design demands with one filtration unit out of service. He also explained the specifics of the current value of constructing ultimate projected treatment capacity in this project rather than later. The operating cost differentials were also elaborated. Mr. Brown also admitted that his firm had not analyzed integration of the current sources and treatment facilities with the new plant and could not answer questions on possible joint operations, nor did his firm look at alternatives to the Potomac River site. Their contract was simply for design and construction after that site was chosen. Mr. Brown does not believe that possible pollution or surface runoff from DuPont is a problem at the chosen intake site. He also sees no problem concerning obtaining additional adequate permit capacity from the State of Maryland. (Tr., pp. 106-132).

On redirect by Mr. Shingleton, Mr. Brown confirmed that all required permits had been obtained for this project. (Tr., p. 133).

Next to testify for the District was William T. Yontz, who is Superintendent for the Water and Sewer Department of the City of Martinsburg. Mr. Yontz described the two physical connections between the City and Opequon systems. Mr. Yontz also testified that the City would run out of excess water capacity by the year 2005. Also, if Opequon continues to be a large scale user of the City's water, delivery system improvements will have to be made. (Tr., pp. 138-144).

On cross-examination by the CCBC, Mr. Yontz stated that Martinsburg would still honor its emergency supply obligation to Opequon even if the new project was built. He also explained the normal high demand periods when Opequon needed water from the City. (Tr., pp. 145-148).

Next to be called as a witness for the District was Richard E. Beegle, a duly qualified consulting engineer who has been associated with the District off and on since 1969. He confirmed the efforts undertaken by the District to find alternate water sources over the years. He also gave the specifics of the Cookus well development and problems and confirmed that it was now producing at its optimum capacity of 150,000 to 160,000 gallons per day. The Frye quarry has a dry-weather yield of around 230,000 gallons per day. Mr. Beegle's hydraulic analysis of the Opequon system showed that, in 1990, the average daily demand was .81 MGD

and the maximum day demand was 1.22 MGD. However, when projected through the year 1995, average daily demand goes to 1.53 MGD and the maximum day is 2.7 million gallons per day. By the year 2010, average daily demand goes to 2.19 million gallons per day and the maximum day is 3.02 MGD. The size of this projected demand indicated that the river was the only reasonable and available source. Other water utilities in the region have experienced similar raw water source problems. (Tr., pp. 149-166).

Mr. Beegle also detailed several parts of the proposed project which were needed regardless of whether the river intake and plant were approved and constructed and which were estimated to cost in excess of 2.6 million dollars. He reiterated his belief that the river site was the best water source for the District. (Tr., pp. 167-175).

On cross-examination by the CCBC, Mr. Beegle detailed the initial redevelopment problems with the Cookus wells and what was done to try and correct the problems. He also explained some testimony he gave in a previous proceeding concerning the well and the Frye quarry. He reiterated that the quarry yields were fairly well established at 230,000 gallons per day. He also believes that construction of a treatment plant at any alternate source site would cost about the same as at the river site. The current facilities are not sufficient nor have the capacity for use as the redundancy factor. (Tr., pp. 175-203).

Next to testify for the District was its Certified Public Accountant, John Kunkle, who had prepared the District's Rule 42 Exhibit for this filing. He is in agreement with the accounting adjustments proposed by the Staff to reflect more current data. Mr. Kunkle explained that, in addition to actual construction expense, the District is borrowing funds to pay off its current debt. By paying these debts off now with newly borrowed money, the term of the indebtedness is extended, lowering the total overall debt service cost to the District. The total borrowing will amount to \$10,257,957, at an interest rate of 6.75 percent from the West Virginia Water Development Authority (WDA). Mr. Kunkle believes the District to be well-managed. He also concurs with the Staff-prepared tariff. (Tr., pp. 210-215).

On cross-examination by CCBC, Mr. Kunkle compared an average customer's bill under the current rates and the proposed rates. He also detailed previous audit problems concerning an escrow account that the District was required to maintain for the surcharge on purchased water. Initially this money was not segregated strictly for payment to the City of Martinsburg as required. Mr. Kunkle believes the initial misapplication of these funds was a significant problem but that it has been corrected. The witness also detailed the methodology used in preparation of the District's Rule 42 Exhibit. The effect of an increased customer base was also explained. (Tr., pp. 216-236).

The last witness to be called by the Applicant was Bruce Dorsey, the long-time Chairman of the Opequon Public Service District Board. He confirmed that the District had exhausted every option in its search for an adequate water source and long-term rate stability and relief for Opequon's customers. (Tr., pp. 239-241).

The CCBC presented no witnesses, but, by leave of the Administrative Law Judge and without objection, introduced four photographs of the quarries used for water service by the District. (Tr., p. 245).

The Staff of the Public Service Commission called Utility Engineer Dina B. Foster, as its first witness. Ms. Foster identified and sponsored Staff Exhibit No. 1, the Final Joint Staff Memorandum in this case. She then explained how the Commission's normal main extension rule operates, and how alternate main extension rules change that operation. The Staff class cost of service study methodology was explained as well. Ms. Foster reviewed the plans and specifications for this project and found the project costs to be reasonable. She also pointed out some corrections which needed to be made in the Staff exhibit. (Tr., pp. 247-268).

Next to testify for the Staff was Utility Financial Analyst William A. Nelson, who conducted the financial review of this filing. Mr. Nelson discussed the Staff findings concerning this project, including the required borrowing and resulting debt service. Staff had updated their Rule 42 Exhibit data to reflect actual experience through March 31st of this year, to achieve the most accurate projections possible. Staff recommends a rate of \$5.72 per thousand gallons for the first 5,000 gallons and \$4.30 per thousand for all usage over 5,000 gallons. The average residential user of 4,500 gallons will pay \$25.74, an increase of 36.2% over the current bill of \$18.90, including the current surcharge. The surcharge will be eliminated under Staff's recommended rate structure. Staff also has recommended some textual changes to the District's tariff, as well. The tap fee will remain at \$300, although the District proposed an increase to \$500. When applied to the customer base, Staff's rate structure will produce a revenue from customers of approximately \$1.6 million dollars annually, for a total debt service coverage of 135.48%. This is sufficient for WDA requirements. (Tr., pp. 269-278).

Under cross-examination by the CCBC, Mr. Nelson pointed out that the rate to DuPont was a contract rate and, therefore, not included in the tariff. The Staff-recommended rate to DuPont was raised to meet the actual cost of providing it with service. (Tr., pp. 278-281).

At the close of Staff's case-in-chief, additional public statements were taken. Mr. Hamood recognized the need for a sufficient water source but asked that Staff look at the rate calculation carefully. (Tr., pp. 282-283). Mr. David Meyers agreed with Mr. Hamood, but clarified that he thought the current pricing methodology was inappropriate for a state-regulated monopoly and discouraged water conservation. He proposed a directly proportional pricing policy with higher volumes of use costing more per gallon. He also questioned why new customers were not required to pay for the system-in-place when they hooked on. (Tr., pp. 283-287). Mr. Ronald Butts questioned the impact of these rates on customers with fixed incomes who could not afford any increase. (Tr., p. 288).

Mr. Taylor Whittington, General Manager of the Hedgesville Public Service District spoke in favor of the project. Hedgesville proposes to become a partial customer of Opequon when the need arises. He believes that this project will benefit everyone in the region, particularly in light of the new Federal water quality standards. (Tr., pp. 289-290).

On May 28, 1993, the District's accountant, John C. Kunkle, filed a post-hearing exhibit concerning the purchased water surcharge escrow account, as requested by the CCBC.

All parties have timely filed briefs, reply briefs or waivers concerning the filing of briefs, as was appropriate in this matter.

#### DISCUSSION

There is actually very little in dispute in this case as finally submitted for decision. The District has stipulated to the Staff-recommended revenue requirements and rate structure. Staff has concluded that the proposed project is convenient and necessary, and even the Intervenor, the CCBC, concedes in their brief that the project is required, although they believe that it should be scaled down to the minimum treatment capacity needed for the near term. This view was also shared by some of the members of the public making statements at the hearing.

It is obvious that Opequon Public Service District needs an improved reliable source of water. The present sources used by the District have proven to be insufficient in volume and, at times, quality. The District has incurred substantial expense for several years in purchasing treated water from the City of Martinsburg to supplement its maximum production. This has resulted in an onerous temporary surcharge on all Opequon bills which both the customers and the District's employees dislike. Additionally, the District has adequately demonstrated that customer growth of at least seven percent per year can be expected. The capacity of the District's own raw water sources has dropped far below fifty percent of the District's current needs. The evidence is also clear that the City of Martinsburg will not be able to supply Opequon indefinitely. The Applicant has clearly shown that this project is necessary for the public welfare.

The project also appears to be economically feasible and appropriately designed. The plans and specifications for this project have been approved by the West Virginia Department of Health and upon review by Commission Staff revealed no obvious conflicts with Public Service Commission rules and regulations. The project is also sized appropriately. The arguments of the designing engineer, Mr. Brown, are compelling on this point. The District will clearly need the designed capacity by the end of the design period and prudent planning dictates its inclusion in this project. This assures full compliance with all Department of Health requirements and gives the system operators full design flexibility. Further, this capacity is consistent with the long-term growth and development of the integrated water utilities in the area.

Staff has determined that the project, as currently structured, has been bid and can be built at reasonable cost. Contract I, the treatment plant, was bid at \$6,372,471, and Contract II, the storage tanks, came in at \$883,986, for a total construction cost of \$7,256,457. The total project cost is estimated at \$10,257,957, which includes contingencies in the corrected amount of \$265,000. This includes the cost of purchasing

the land for a 5500,000-gallon tank that the District plans to build in the future, and with which Staff has concurred.

Operation and maintenance expenses for the District will decrease by \$141,585, as a result of the project. This includes a reduction of \$272,936 in purchased water costs, and increases in the source of supply expenses, power costs, purification costs, labor and insurance. The overall operation and maintenance expenses appear to be reasonable for a system this size and will be approved, as adjusted by Staff, including the hiring of the additional employees.

The financing for the entire project through a WDA loan also appears to be advantageous to the District. The term of the loan is 40 years with an interest rate of 6.75%, which results in an annual debt service requirement of approximately \$742,705, on the total project cost of \$10,257,957. The WDA requires a 10% debt service reserve and a renewal and replacement reserve of 2.5% of operating revenue. Staff has adjusted the accounting values for this filing to reflect actual values through March 31, 1993, in order to give the most accurate interpretation possible.

In light of Staff's adjustments and the class cost of service study conducted by it, recommended rates were proposed which will generate annual operating revenue of approximately \$1,558,348. With other adjustments allowed by Staff, a total available revenue amount of \$1,615,212 is predicted. This amount is sufficient to cover the recommended annual operation and maintenance expenses, the debt service requirement and all reserves. A surplus of approximately \$150,000 will also result, which is equivalent to the District's three-year average of capital additions as adjusted for inflation. The debt service coverage is 135%, which is reasonable and sufficient for WDA requirements. The rates as designed and recommended by Staff accurately reflect the class cost of service study, are sufficient for the District's revenue requirements and are non-discriminatory and, therefore, will be approved.

In light of the protest and significant participation of the CCBC in this proceeding, a review of the rate structure approved in this case should be undertaken after one year of actual experience under the new project. If Staff believes, after that review or any subsequent review, that rate relief is warranted, this proceeding may be reopened for such determination.

On June 8, 1993, as part of its Reply Brief in this case, Staff submitted additional information regarding the terms of the purchased water agreement between the Applicant and the Hedgesville Public Service District, and made specific recommendations concerning the financial treatment of a line constructed to interconnect the two Districts, but which lies mainly within Opequon's service territory. By a filing received June 17, 1993, Opequon Public Service District responded to the Staff's recommendation. Opequon accepted and concurred in the recommendations of the Staff, with the exception that Opequon requested a review of the actual usage of the line after six months to determine if the Staff-recommended credit to Hedgesville was warranted. The District's request is reasonable. However, the requested review will not be required

until after one full year of water sales to Hedgesville Public Service District has been completed to coincide with the Staff review of the overall rates of the new arrangement. Any adjustment of the credit in question should be based on the allocation of costs as reflected by the actual rate of usage.

In conclusion, the District's proposed project is both necessary and convenient under the circumstances and, therefore, will be approved as amended by Staff. The rates established and designed under the Staff class cost of service study will be approved as well, subject only to any Staff-initiated review at the end of one year of actual experience. The District's proposed borrowing for this project from the WDA will also be approved under the terms and conditions set out above.

#### FINDINGS OF FACT

1. On February 4, 1993, Opequon Public Service District filed an application for a certificate of convenience and necessity to acquire, construct, operate and maintain water production, transmission and storage facilities in Falling Waters and Opequon Magisterial Districts and the City of Martinsburg, Berkeley County, and for approval of financing and rates and charges incidental thereto. By Order entered February 9, 1993, the Commission found Opequon had already substantially complied with West Virginia Code §16-13A-25, and that the prefiling notice was not required. (See, Application filed February 4, 1993; Commission Order entered February 9, 1993).

2. Opequon gave notice to its customers of the filing of the application by a publication on February 16, 1993, in The Journal, a newspaper duly qualified by the Secretary of State, published and of general circulation in Berkeley County. (See, Affidavit of Publication filed February 24, 1993).

3. Several protests were filed with the Commission following publication of the Notice, and by Procedural Order issued April 1, 1993, the matter was set for hearing on June 17, 1993. At the request of Opequon, and with the approval of Staff, the hearing was rescheduled for May 19, 1993. (See, Procedural Orders entered April 1, 1993, and April 23, 1993).

4. The concerned citizens of Berkeley County were granted intervenor status, without opposition by Opequon or the Staff, on May 19, 1993. (Tr., p. 8).

5. For the year ended June 30, 1992, Opequon obtained approximately 17% of its total water demands from its Cookus Well Plant, approximately 12% from its Frye Quarry Plant, and approximately 71% as purchased water from the City of Martinsburg. (Tr., pp. 29-32).

6. For the period of time from June 30, 1988, through April 30, 1993, Opequon has experienced annual compounded growth of between 6% and 7%, and, because of expected growth generally in Berkeley County,

anticipates experiencing similar growth for the next several years. (See, Final Joint Staff Memorandum, Staff Exh. No. 1).

7. Opequon estimates that, by 1995, its average daily demand will be 1.53 MGD with a maximum of 2.07 MGD, and by the year 2010, it estimates its average daily demand will be 2.19 MGD with a maximum of 3.02 MGD. (Tr., pp. 159-162).

8. Both the Cookus Well Plant and the Frye Quarry Plant are incapable of producing more than a total of approximately 380,000 gallons of water per day. Opequon intends to use the new plant as its primary source and use the Frye Quarry only on a back-up basis. (Tr., pp. 154-156, 176-178).

9. The physical connections between Opequon and the City of Martinsburg, first made in 1968, were intended to be for temporary and intermittent use only, and were never intended to allow the City to supply Opequon as a long-term customer. (Tr., p. 20).

10. Opequon has obtained approval from the West Virginia Department of Health and all other permitting agencies to build the proposed 6 MGD plant on lands near the Potomac River to be purchased from E. I. de Pont de Nemours & Company. Opequon has also obtained a water withdrawal permit from the State of Maryland to withdraw sufficient quantities of water from the Potomac River. (See, Health Department Permit No. 1,499, and Maryland DNR Permit WA53S100(02)).

11. DuPont will become a customer of Opequon at such time as the proposed plant is constructed and has indicated it will use approximately 200,000 gallons of water per day. (Tr., p. 35).

12. Before proposing the Potomac River project, Opequon explored several alternative sources of water, including additional quarries, additional well fields, springs, Opequon Creek, and the City of Martinsburg. These alternatives were not pursued either because of unreliability of the source or because the alternatives were deemed more expensive than the proposed project. (Tr., pp. 38, 39, 151-153).

13. The consulting engineer for Opequon determined that a 6 MGD plant was the most cost-effective size to build at this time when both capital costs and costs of operation are taken into account. Opequon has received bids on the project totalling \$7,256,457. (Tr., pp. 100-105, 114, 121).

14. Opequon is seeking authority to borrow from the West Virginia Water Development Authority an amount not to exceed \$10,257,957, which includes construction costs, engineering fees, property acquisition fees, redemption of existing Series A, Series B, and Series C Bonds, payment of interim and installment debt, capitalized interest, legal and administrative fees, amounts payable to Berkeley County Public Service District (BCPSD) and contingencies. (See, Final Joint Staff Memorandum, Staff Exh. No. 1).

15. Opequon has received a commitment from the West Virginia Water Development Authority to loan the required funds over a period of 40 years with a fixed interest of 6.75%. (See, Final Joint Staff Memorandum, Staff Exh. No. 1).

16. Opequon has entered into agreements with the E.I. du Pont de Nemours & Company, Schonder-Thomas Company and Joseph Tyszkiewicz to purchase real estate upon which various components of the project are to be constructed. (See, Application).

17. In 1983, Opequon entered into an agreement with BCPSD, which agreement was approved by the Commission, authorizing Opequon to operate a water system in Falling Water Magisterial District constructed and owned by BCPSD. Said agreement further provides Opequon is entitled to take title to the assets of BCPSD in Falling Water District at such time as it pays in full its proportionate share of the debt of BCPSD allocated to the water system. (Tr., pp. 31-32).

18. In its Final Joint Staff Memorandum, Staff recommended rates somewhat lower than rates proposed by Opequon in its initial application, and Opequon has accepted the recommendations of Staff. (See, Final Joint Staff Memorandum, Staff Exh. No. 1).

19. Opequon has entered into an agreement with Hedgesville Public Service District approved by the Commission, allowing Hedgesville Public Service District to construct a 12-inch line to connect its distribution system to the Opequon distribution system and, thereafter, purchase water from Opequon at a rate of \$1.80 per thousand gallons. As partial consideration to Opequon, that portion of the interconnection line lying within the franchise area of Opequon will be operated and maintained by Opequon and Opequon shall be allowed to retain all revenue which hereafter may result from connections to said line, subject to refunds as set forth in the agreement, or as amended by this decision. (Tr., p. 54; Staff Memorandum filed June 8, 1993).

20. In its application, Opequon proposed to be allowed to build a 500,000-gallon water storage tank on lands to be purchased from Joseph Tyszkiewicz on Grade Road. However, Opequon has withdrawn its proposal to build said water tank at this time, but nevertheless requests approval to purchase the land from Mr. Tyszkiewicz so that the site will be available when the tank is built in the future. (See, Final Joint Staff Memorandum, Exh. No. 1).

21. In its Final Joint Staff Memorandum, Staff indicated it was of the opinion that adequate need for the project had been shown and recommended approval of the application, as revised to reflect elimination of construction of the 500,000 gallon storage tank. Staff concurs with the purchase of the land on which to construct said tank in the future. (See, Final Joint Staff Memorandum, Staff Exh. No. 1).

22. Because of the size of this project, Staff conducted a class cost of service study, using the most current financial information as a test year projected through June 30, 1993. As a result of that study, and as a result of certain adjustments made by Staff to the Rule 42 Exhibit

filed by Opequon as part of its application, Staff recommends the following rates: for all residential and commercial customers, \$5.72 per 1,000 gallons for the first 5,000 gallons per month and \$4.30 per 1,000 gallons for all water in excess of 5,000 gallons per month. Staff further recommends a separate industrial tariff for DuPont of \$2.34 per 1,000 gallons and a contract rate with Hedgesville Public Service District of \$1.80 per 1,000 gallons. (See, Final Joint Staff Memorandum, Staff Exh. No. 1).

23. Staff recommends approval of the District's long-term funding for the project through the Water Development Authority. (See, Final Joint Staff Memorandum, Staff Exh. No. 1).

24. The intervenors, Concerned Citizens of Berkeley County, have demonstrated that a rate review is mandated upon the accumulation of one year of actual experience under the completed project.

#### CONCLUSIONS OF LAW

1. A need exists for the Potomac River project because the two existing sources of water controlled by Opequon are limited in their capacity and are unable to supply current and future water demand.

2. The proposed Potomac River project is technically feasible inasmuch as the plans and specifications have been approved by the West Virginia Department of Health and present no conflicts with Public Service Commission rules and regulations.

3. The proposed Potomac River project is economically feasible because the project costs are fully funded by committed loan funds and because the proposed tariff in this case is reasonable and would generate sufficient revenue to cover Opequon's current and future expenses and debt service and provide an adequate cash surplus.

4. Public convenience and necessity require that the application filed by Opequon for a certificate of convenience and necessity to construct the Potomac River project be granted.

#### ORDER

IT IS, THEREFORE, ORDERED that the application filed by Opequon Public Service District on February 4, 1993, for a certificate of convenience and necessity to acquire, construct, operate and maintain certain water production transmission and storage facilities in Falling Waters and Opequon Magisterial Districts and the City of Martinsburg, Berkeley County, and for approval of the financing and rates and charges incidental thereto be, and it hereby is, granted as more fully described in the District's application and in the Final Joint Staff Memorandum dated May 17, 1993, and the attachments thereto.

IT IS FURTHER ORDERED that the financing requested by Opequon Public Service District in this proceeding, consisting of a Water Development

Authority loan in an amount not to exceed \$10,257,957, at an interest rate of 6.75% for a period of 40 years be, and it hereby is, approved.

IT IS FURTHER ORDERED that the agreement executed by Opequon Public Service District with E.I. du Pont de Nemours & Company, the Schonder-Thomas Company, and Joseph Tyszkiewicz, all as described in the application or as amended by the Staff of the Public Service Commission be, and they hereby are, approved.

IT IS FURTHER ORDERED that Opequon Public Service District be allowed to pay to Berkeley County Public Service District, as part of the cost of this project, the remaining portion of its capital lease, in an amount not to exceed \$380,000, and that, at such time as said payment shall be made, Berkeley County Public Service District shall convey to Opequon all of its right, title, and interest in and to the water system in Falling Waters, Magisterial District, Berkeley County, free and clear of any liens and encumbrances.

IT IS FURTHER ORDERED that the Staff-recommended tariff for Opequon Public Service District shall become effective for all service rendered after the date the District issues its revenue bonds to the Water Development Authority for this project and shall be as set forth Appendix A to this Recommended Decision.

IT IS FURTHER ORDERED that, effective upon the issuance of its revenues bonds to the Water Development Authority as approved herein, Opequon Public Service District shall charge a contract rate to Hedgesville Public Service District of \$1.80 per 1,000 gallons of water purchased and to E.I. du Pont de Nemours & Company a contract rate of \$2.34 per 1,000 gallons of water purchased.

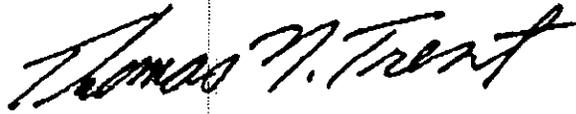
IT IS FURTHER ORDERED that, upon the completion of one year's actual service experience with the completed project, the rates approved herein should be reviewed in light of the actual service conditions, and further, the agreement with Hedgesville Public Service District should be reviewed as well, according to the agreement of the Staff and Opequon Public Service District.

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

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

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

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



Thomas N. Trent  
Administrative Law Judge

TNT:dfs

OPEQUON PUBLIC SERVICE DISTRICT - WATER  
CASE NO. 93-0094-PWD-CNApproved RatesAPPLICABILITY

Applicable within entire territory served.

AVAILABILITY

Available for general domestic and commercial service.

RATES

First	5,000 gallons used per month	\$5.72 per 1,000 gallons
All Over	5,000 gallons used per month	\$4.30 per 1,000 gallons

AVAILABILITY

Available for general industrial service.

RATES

\$3.05 per 1,000 gallons used per month.

No bill will rendered for less than the following amount, according to the size of the meter installed:

5/8 inch meter	\$ 17.16 per month
1 inch meter	42.90 per month
1-1/2 inch meter	85.50 per month
2 inch meter	137.30 per month
3 inch meter	257.40 per month
4 inch meter	429.00 per month
6 inch meter	858.00 per month

SERVICE CONNECTION CHARGE

\$300.00

RECONNECTION CHARGE

\$20.00

DELAYED PAYMENT PENALTY

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

OPEQUON PUBLIC SERVICE DISTRICT - WATER  
CASE NO. 93-0094-PWD-CNApproved RatesPRIVATE FIRE PROTECTION:

1. Fire hydrants shall pay an annual rental of \$88.00 per unit.
2. Fire hose connections (simplex or duplex) shall pay an annual rental of \$58.67 per unit.
3. Sprinkler systems shall pay an annual rental of \$88.00 plus \$0.29 per sprinkler unit.

SEASONAL AND TEMPORARY WATER USERS:

1. Vacation homes, cottages, trailers, or other temporary and seasonal users shall make application for special water use in accordance with Rule 4.1B. Also, the user shall notify the District each year when they desire to have the water service either turned off in the fall or turned on in the spring.

## Special Charges Applicable to Temporary or Seasonal Water users:

1. At the time of filing an application for service: (a) the applicant shall make a security deposit to the District in the amount of \$50.00. The security deposit shall be maintained until permanent discontinuance of the service; and (b) the applicant shall pay the service connection charges.
2. The user shall forfeit the total security deposit, if the District can show that the user tampered with the water meter or any other District property.

The District shall pay the higher of 5% or the current prevailing annual interest rate on the residual amount of the security deposit. In January of each year, the District will advise each special user of the status of their account. If interest is due, it will accompany the statement; if monies are due, payment must be made within thirty (30) days of the date of the bill/statement.

PUBLIC SERVICE COMMISSION •  
OF WEST VIRGINIA  
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 16th day of July, 1993.

CASE NO. 93-0094-PWD-CN

OPEQUON PUBLIC SERVICE DISTRICT,  
a public utility, Martinsburg,  
Berkeley County.

Application for a certificate of convenience and necessity to acquire, construct, operate and maintain water production, transmission and storage facilities in Falling Waters and Opequon Magisterial Districts and the City of Martinsburg, Berkeley County, and for approval of financing and rates and charges incidental thereto.

COMMISSION ORDER

On February 4, 1993, the Opequon Public Service District, a public utility, Martinsburg, Berkeley County, filed a duly verified application for a certificate of convenience and necessity to acquire, construct, maintain and operate certain water production, transmission and storage facilities located in Falling Waters and Opequon Magisterial Districts and the City of Martinsburg, Berkeley County, and for approval of increased rates and charges.

Pursuant to a Commission order entered February 9, 1993, Opequon Public Service District was deemed to have previously met the prefiling requirements of West Virginia Code, Section 16-13A-25, and this filing was formally placed on the Commission's docket of active cases. Additionally, on February 9, 1993, a Notice of Filing was entered requiring publication of said notice once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Berkeley County. Pursuant to this public legal notice, substantial public protest was filed in opposition to the increased rates and charges associated with this application and a public hearing in Martinsburg was requested.

The hearing convened as scheduled on May 19, 1993 in Martinsburg before Administrative Law Judge Thomas N. Trent. Opequon Public Service District appeared in person and by legal counsel, Hoy G. Shingleton, Jr., Esq. The Staff of the Public Service Commission was present and represented by Cassius H. Toon, Esq. Representatives of the Concerned Citizens of Berkeley County group were present and represented by Byron Craig Manford, Esq. On July 14, 1993, the Administrative Law Judge entered a recommended decision.

On July 15, 1993, the Commission received, via telecopier, from Hoy G. Shingleton, Jr., Esq., counsel for Opequon Public Service District, a motion to waive the District's right to file exceptions to the aforesaid recommended decision. Mr. Shingleton advised

the Commission that he had been authorized by Cassius H. Toon, Esq., counsel for Commission Staff to state that Commission Staff concurs in the requested waiver. On July 16, 1993, the Commission received, via telecopier, a communication from Byron Craig Manford, Esq., counsel for Concerned Citizens of Berkeley County, indicating that his clients likewise request a waiver of the 15-day period for filing exceptions to the aforesaid recommended decision.

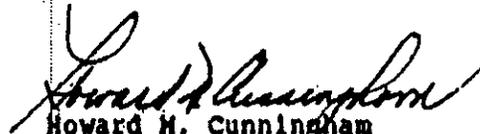
West Virginia Code Section 24-1-9 provides for a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to Section 24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, Section 24-1-9(e)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

The Commission is therefore of the opinion and belief that said requested waivers received by the Commission on July 15 and 16, 1993, should be granted.

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

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

A True Copy, Tests:

  
Howard M. Cunningham  
Executive Secretary

HMC/s



**OPEQUON PUBLIC SERVICE DISTRICT**

**WATER REVENUE BONDS, SERIES 1993**

**CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS**

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

1. On the 29th day of July, 1993, the Authority received the entire original issue of \$10,257,957 in aggregate principal amount of Water Revenue Bonds, Series 1993, of the Issuer issued as a single, fully registered Bond numbered R-1, dated July 29, 1993, the Series 1993 Bond being in the principal amount of \$10,257,957.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Calvin B. Dorsey, as Chairman of the Issuer, by his manual signature, and by Gerald R. Arndt, as Secretary of the Issuer, by his manual signature, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Series 1993 Bonds in the aggregate principal amount of \$10,257,957 (100% of par value), there being no interest accrued on the Series 1993 Bond.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and OPEQUON PUBLIC SERVICE DISTRICT has caused this receipt to be duly executed and delivered by its Chairman, as of this 29th day of July, 1993.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By Barbara B Meadows  
Secretary-Treasurer

OPEQUON PUBLIC SERVICE DISTRICT

By Calvin B Dorsey  
Chairman



**OPEQUON PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 1993**

**DIRECTION TO AUTHENTICATE AND DELIVER BONDS**

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

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. R-1, constituting the entire original issue of the Opequon Public Service District Water Revenue Bonds, Series 1993, in the principal amount of \$10,257,957 dated July 29, 1993, (the "Bonds"), executed by the Chairman and Secretary of Opequon Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution and Supplemental Resolution duly adopted by the Issuer (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Bond issue, duly certified by the Secretary of the Issuer;

(3) Executed loan agreement dated July 29, 1993, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"); and

(4) Signed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$10,257,957, which represents the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 29th day of July, 1993.

OPEQUON PUBLIC SERVICE DISTRICT

By   
Its Chairman



UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
OPEQUON PUBLIC SERVICE DISTRICT  
WATER REVENUE BOND,  
SERIES 1993

No. R-1

\$10,257,957

**SPECIMEN**

KNOW ALL MEN BY THESE PRESENTS: That OPEQUON PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Berkeley County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TEN MILLION TWO HUNDRED FIFTY-SEVEN THOUSAND NINE HUNDRED FIFTY-SEVEN DOLLARS (\$10,257,957), in installments on October 1 of each year, except for the final principal installment which shall become due on April 1, 2033, 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 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, 1993. 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 July 29, 1993.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); (ii) to refinance and refund certain prior obligations of the Issuer; (iii) to pay a portion of the interest on the Bonds during the construction of the Project and for not more than six (6) months thereafter; and (iv) to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project and any

further 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 Resolution duly adopted by the Issuer on July 28, 1993 and a Supplemental Resolution duly adopted by the Issuer on July 28, 1993 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

This Bond is 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, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1993 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1993 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds provided however, that so long as there exists in the Series 1993 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding prior to or on a parity with the Bonds, 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, shall be applied solely to the payment of the Costs of the Project and the refinancing and refunding described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, OPEQUON PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated July 29, 1993.

OPEQUON PUBLIC SERVICE DISTRICT

[SEAL]

**SPECIMEN**

\_\_\_\_\_  
Chairman

ATTEST:

**SPECIMEN**

\_\_\_\_\_  
Secretary

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This Bond is one of the Series 1993 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 29, 1993.

ONE VALLEY BANK, NATIONAL ASSOCIATION,  
as Registrar

By SPIRITEN  
Its Authorized Officer

**West Virginia Water Development Authority  
Interest Bearing Local Loan from Series 1993 B-II Pool  
Debt Service Schedule - Opequon Public Service District**

**Closing July 29, 1993**

**Interest Bearing Loan: \$10,257,957.00**

<u>Date</u>	<u>Coupon</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
10/1/93	6.75%	0.00	119,248.75	119,248.75
10/1/94	6.75%	0.00	692,412.11	692,412.11
10/1/95	6.75%	58,805.54	692,412.11	751,217.65
10/1/96	6.75%	62,774.92	688,442.74	751,217.66
10/1/97	6.75%	67,012.23	684,205.43	751,217.66
10/1/98	6.75%	71,535.55	679,682.10	751,217.65
10/1/99	6.75%	76,364.20	674,853.45	751,217.65
10/1/00	6.75%	81,518.78	669,698.87	751,217.65
10/1/01	6.75%	87,021.30	664,196.35	751,217.65
10/1/02	6.75%	92,895.24	658,322.41	751,217.65
10/1/03	6.75%	99,165.67	652,051.98	751,217.65
10/1/04	6.75%	105,859.36	645,358.30	751,217.66
10/1/05	6.75%	113,004.86	638,212.79	751,217.65
10/1/06	6.75%	120,632.70	630,584.96	751,217.66
10/1/07	6.75%	128,775.40	622,442.25	751,217.65
10/1/08	6.75%	137,467.74	613,749.91	751,217.65
10/1/09	6.75%	146,746.81	604,470.84	751,217.65
10/1/10	6.75%	156,652.23	594,565.43	751,217.66
10/1/11	6.75%	167,226.25	583,991.40	751,217.65
10/1/12	6.75%	178,514.03	572,703.63	751,217.66
10/1/13	6.75%	190,563.72	560,653.93	751,217.65
10/1/14	6.75%	203,426.78	547,790.88	751,217.66
10/1/15	6.75%	217,158.08	534,059.57	751,217.65
10/1/16	6.75%	231,816.26	519,401.40	751,217.66
10/1/17	6.75%	247,463.85	503,753.80	751,217.65
10/1/18	6.75%	264,167.67	487,049.99	751,217.66
10/1/19	6.75%	281,998.98	469,218.67	751,217.65
10/1/20	6.75%	301,033.91	450,183.74	751,217.65
10/1/21	6.75%	321,353.70	429,863.95	751,217.65
10/1/22	6.75%	343,045.07	408,172.58	751,217.65
10/1/23	6.75%	366,200.61	385,017.04	751,217.65
10/1/24	6.75%	390,919.15	360,298.50	751,217.65
10/1/25	6.75%	417,306.19	333,911.46	751,217.65
10/1/26	6.75%	445,474.36	305,743.29	751,217.65
10/1/27	6.75%	475,543.88	275,673.77	751,217.65
10/1/28	6.75%	507,643.09	243,574.56	751,217.65
10/1/29	6.75%	541,909.00	209,308.65	751,217.65
10/1/30	6.75%	578,487.86	172,729.79	751,217.65
10/1/31	6.75%	617,535.80	133,681.86	751,217.66
10/1/32	6.75%	659,219.46	91,998.19	751,217.65
4/1/33	6.75%	703,716.77	23,750.44	727,467.21
		10,257,957.00	19,827,441.87	30,085,398.87

Prepared 7/21/93

EXHIBIT A

**ASSIGNMENT**

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

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

Dated: \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

166223.1



**BOWLES RICE  
McDAVID GRAFF & LOVE**

ATTORNEYS AT LAW

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TELEPHONE 304-263-0836  
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July 29, 1993

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

RE: Opequon Public Service District  
Water Revenue Bonds, Series 1993

Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Opequon Public Service District (the "Governmental Agency"), a public corporation and political subdivision of the State of West Virginia, of its \$10,257,957 Water Revenue Bonds, Series 1993, dated the date hereof (the "Local Bonds").

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated July 29, 1993, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$10,257,957, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1993, at the rate of 6.75% per annum and with principal payable in installments on October 1 in each of the years 1995 through 2032, inclusive, with the final principal installment due on April 1, 2033, all as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Governmental Agency (the "Project"), (ii) refinancing and refunding certain prior obligations of the Governmental Agency, (iii) paying a portion of the interest on the Local Bonds during the construction of the Project and for not more than six (6) months thereafter, and (iv) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the Bond Resolution duly adopted by the Governmental Agency on July 28, 1993, as supplemented by a Supplemental Resolution duly adopted on July 28, 1993 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued and the Loan Agreement has been

**BOWLES RICE  
McDAVID GRAFF & LOVE**

West Virginia Water Development Authority  
July 29, 1993  
Page 2

undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

7. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Local Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that such interest is included in the adjusted current earnings of a corporation for the purpose of calculating alternative minimum tax. The opinions set forth in the preceding

**BOWLES RICE  
McDAVID GRAFF & LOVE**

West Virginia Water Development Authority  
July 29, 1993  
Page 3

sentences are subject to the condition that the Governmental Agency comply, on a continuous basis, with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Governmental Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Local Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Local Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

8. The Prior Bonds and the System Design Note, as such terms are defined in the Local Act, have been paid and the respective liens of the Prior Indenture and the Prior Resolution, as such terms are defined in the Local Act, have been discharged.

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

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

Very truly yours,

BOWLES RICE McDAVID GRAFF & LOVE

*Bowles Rice McDavid Graff & Love*



**BOWLES RICE  
McDAVID GRAFF & LOVE**

ATTORNEYS AT LAW

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FACSIMILE 304-267-3822

July 29, 1993

WRITER'S DIRECT DIAL NUMBER

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

RE: Opequon Public Service District  
Water Revenue Bonds, Series 1993

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$10,257,957 aggregate principal amount of the Water Revenue Bonds, Series 1993 (the "Local Bonds") of the Opequon Public Service District (the "Governmental Agency"), and a Certificate as to Arbitrage executed by the Chairman of the Governmental Agency on this date.

Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), to support the conclusion that the Local Bonds are not "arbitrage bonds" as therein defined. While we have undertaken no independent verification or investigation of the certifications, statements, expectations or representations set forth in such Certificate as to Arbitrage, no matters have come to our attention which make unreasonable or incorrect such certification, statements, expectations or representations.

Assuming compliance with the certifications, representations, warranties and covenants contained in such Certificate as to Arbitrage, under existing statutes, regulations, rulings and court decisions, the proceeds from the sale of the Local Bonds in the Bond Construction Trust Fund described in such Certificate as to Arbitrage will not be subject to rebate to the United States under Section 148(f) of the Code.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined.

The opinions set forth above are subject to the condition that the Governmental Agency comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Governmental Agency has covenanted to comply with all such requirements. Failure to comply with such requirements may cause the inclusion of

**BOWLES RICE  
McDAVID GRAFF & LOVE**

West Virginia Water Development Authority  
July 29, 1993  
Page 2

interest on the Local Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Local Bonds.

Very truly yours,

**BOWLES RICE McDAVID GRAFF & LOVE**

*Bowles Rice McDavid Graff & Love*

157741.1



**BOWLES RICE  
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July 29, 1993

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FACSIMILE 304-725-4417

263-0836

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

RE: Opequon Public Service District  
Water Revenue Bonds Series 1993

Gentlemen:

We are counsel to the Opequon Public Service District, a public service district, in Berkeley County, West Virginia (the "Governmental Agency"). As such counsel, we have examined the Loan Agreement dated July 29, 1993, by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (the "Loan Agreement"), the Local Act as defined therein, and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Governmental Agency and orders of The County Commission of Berkeley County relating to the Governmental Agency and the appointment of members of the Public Service Board of the Governmental Agency. Terms used in said Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

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

1. The Governmental Agency is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

2. The Loan Agreement has been duly authorized, executed and delivered by the Governmental Agency, and assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Governmental Agency in accordance with its terms.

3. The members and officers of the Public Service Board of the Governmental Agency have been duly, lawfully and properly appointed and elected,

**BOWLES RICE  
McDAVID GRAFF & LOVE**

West Virginia Water Development Authority  
July 29, 1993  
Page 2

have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Governmental Agency.

4. The Local Act has been duly adopted by the Governmental Agency and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement, and the Local Act, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Governmental Agency a breach of or default under any agreement, document or instrument to which the Governmental Agency is a party or by which the Governmental Agency or its properties are bound or any existing law, regulation, rule, order or decree to which the Governmental Agency is subject.

6. The Governmental Agency has received, or there have been entered, all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Governmental Agency, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Berkeley County and the Public Service Commission of West Virginia, and the Governmental Agency has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. All proper parties have duly waived their respective rights to appeal the Recommended Decision of the Administrative Law Judge of the Public Service Commission of West Virginia entered July 14, 1993 in Case No. 93-0094-PWD-CN, which Recommended Decision became the Final Order of the Public Service Commission of West Virginia on July 21, 1993, among other things, granting the Governmental Agency a certificate of public convenience and necessity for the Project and approving the issuance of the Bonds and the rates and charges for the services of the System.

7. The Governmental Agency has duly published a notice of the acquisition and construction of the Project, issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

8. To the best of our knowledge after due inquiry, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would

**BOWLES RICE  
McDAVID GRAFF & LOVE**

West Virginia Water Development Authority  
July 29, 1993  
Page 3

adversely affect the transactions contemplated by the Loan Agreement, the Bonds, the Local Act, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

This opinion may be relied upon by all counsel to the transaction as if specifically addressed thereto.

Very truly yours,

BOWLES RICE McDAVID GRAFF & LOVE

A handwritten signature in cursive script that reads "Bowles Rice McDavid Graff & Love". The signature is written in dark ink and is positioned below the typed name of the law firm.



**OPEQUON PUBLIC SERVICE DISTRICT**  
**WATER REVENUE BONDS, SERIES 1993**

**GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:**

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACTS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES; PUBLIC SERVICE COMMISSION ORDER
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
15. PRIVATE USE OF FACILITIES
16. NO FEDERAL GUARANTY
17. IRS INFORMATION RETURN
18. SPECIMEN BOND
19. CONFLICT OF INTEREST

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Opequon Public Service District, in Berkeley County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$10,257,957 aggregate principal amount of Opequon Public Service District Water Revenue Bonds, Series 1993 (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution of the Issuer adopted July 28, 1993 and a Supplemental Resolution adopted July 28, 1993, (collectively, the "Local Act").

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

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

3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACTS: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the refunding of the Prior Bonds, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia of 1931. The Issuer has awarded the two construction contracts for the Project to the lowest bidder for the respective contracts, being Conewago Contractors, Inc. and Pitt-DesMoines, Inc., respectively, and the Issuer contemplates entering into construction contracts with such contractors for the Project on or before July 30, 1993.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. There are no outstanding debt obligations of the Issuer, other than the Bonds, which are secured by revenues and/or assets of the System. The Prior Bonds have been paid with a portion of the proceeds of the Bonds and the lien of the Prior Indenture and all other prior liens have been discharged. The Issuer has also disbursed a portion of the proceeds of the Bonds to acquire a portion of the waterworks system of the Berkeley County Public Service District. The Issuer has also disbursed a portion of the proceeds of the Bonds to pay the System Design Note and thereby discharge the lien of the Prior Resolution.

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

Certified copy of Order of County Commission proposing and creating the Issuer as a Public Service District.

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

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

Bond Resolution.

Supplemental Resolution.

Rules of Procedure of Public Service Board.

Minutes of 1993 Organizational Meeting of Public Service Board.

Minutes on Adoption of Bond Resolution and Supplemental Resolution.

Loan Agreement.

Public Service Commission Orders entered July 14, 1993 and July 16, 1993.

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Calvin B. Dorsey	March 1, 1973	December 31, 1993
Gerald R. Arndt	June 24, 1975	December 31, 1994
John E. Myers	March 10, 1981	December 31, 1998

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1993 are as follows:

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

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

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

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

9. **CONTRACTORS' INSURANCE, ETC.:** All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. All insurance for the System required by the Local Act is in full force and effect. The System is not presently covered by a policy of flood or business interruption insurance, but will be if such coverage is available at reasonable cost.

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

11. **RATES:** The Issuer has received the Recommended Decision of Thomas N. Trent, Administrative Law Judge, entered July 14, 1993, which became the Final Order of the Public Service Commission of West Virginia on July 21, 1993 (Case No. 93-0094-PWD-CN) which Order, among other things, grants to the Issuer a certificate of public convenience and necessity for the Project and approves the rates and charges for the services of the System and approves and consents to the

issuance of the Bonds and the financing for the Project, and the refunding of the Prior Bonds, and the Issuer has adopted a resolution prescribing such rates and charges. The staff of the Public Service Commission of West Virginia and all intervenors duly waived their respective rights to appeal said Order and the Issuer represents that it will not appeal said Order. No other parties are entitled to appeal said Order.

12. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Chairman did officially sign the single certificate representing all of the Bonds of the aforesaid issue, dated July 29, 1993 by his manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon such certificate representing said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

13. **BOND PROCEEDS:** On the date hereof the Issuer received from the Authority the agreed purchase price of the Bonds, being \$10,257,957 (100% of par value), there being no interest accrued thereon.

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

15. **PRIVATE USE OF FACILITIES:** The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or 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. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by an interest in property used or to be used for a private business use, payments in respect of such property, or 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 with respect to such private business use, which is not related to any government use of such

proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the foregoing have been and are to be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended (including any amendments and successor provisions and the rules and regulations thereunder, the "Code").

16. **NO FEDERAL GUARANTY:** The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

17. **IRS INFORMATION RETURN:** On the date hereof, the undersigned Chairman did officially execute a properly completed IRS Form 8038-G in connection with the Bonds and will cause such executed Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the Internal Revenue Service Center, Philadelphia, Pennsylvania. The information contained in such executed Form 8038-G is true, correct and complete.

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

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

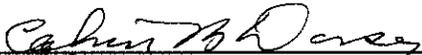
Each and every member of the Public Service Board of the Issuer, by signing this document, certifies that he has no such financial interest in the Project.

WITNESS our signatures and the official seal of OPEQUON PUBLIC SERVICE DISTRICT on this 29th day of July, 1993.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

  
\_\_\_\_\_

Chairman

  
\_\_\_\_\_

Secretary/Treasurer

  
\_\_\_\_\_

Member

  
\_\_\_\_\_

Counsel to Issuer

157744.1



**OPEQUON PUBLIC SERVICE DISTRICT**

**WATER REVENUE BONDS, SERIES 1993**

**CERTIFICATE AS TO ARBITRAGE**

I, Calvin B. Dorsey, Chairman of the Public Service Board of Opequon Public Service District, in Berkeley County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$10,257,957 aggregate principal amount of Water Revenue Bonds, Series 1993 of the Issuer, dated July 29, 1993, (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds, hereinafter defined. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 29, 1993, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Resolution adopted by the Issuer on July 28, 1993 as supplemented by the Supplemental Resolution adopted by the Issuer on July 28, 1993 (collectively, the "Local Act") pursuant to which the Bonds are issued, the Issuer has covenanted 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 Bonds which would cause the 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 Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

6. The Bonds were sold on July 29, 1993 to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$10,257,957 (100% of par), there being no accrued interest paid thereon.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the waterworks facilities of the Issuer (the "Project"); (ii) refunding the Prior Bonds as defined in the Local Act; (iii) paying a portion of the interest on the Bonds during the construction of the Project and for not more than six (6) months thereafter; and (iv) paying costs of issuance of the Bonds.

8. The Issuer shall, within 30 days following delivery of the Bonds, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project, constituting a substantial binding commitment. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before March 1, 1995 except as otherwise required for rebate to the United States under Section 148(f) of the Code. Construction of the Project is expected to be completed by January 1, 1995.

9. The total cost of refunding the Prior Bonds and of the Project (including all costs of issuance of the Bonds) is estimated at \$10,311,414. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of Bonds	\$ 10,257,957
Funds Derived from	
Prior Bonds	<u>53,457</u>
Total Sources	\$ 10,311,414

USES

Refunding of Prior Bonds	\$ 843,069
Construction	7,256,457
Technical Services	805,018
Legal and Fiscal	58,510
Site and Other Acquisitions	660,914
Interim Financing	165,000
Contingency	120,446
Capitalized Interest on Bonds	375,000
Costs of Issuance of Bonds	<u>27,000</u>
Total Uses	\$ 10,311,414

The amount of Project costs is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds and the funds derived from the Prior Bonds, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Local Act, the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund;
- (4) Bond Construction Trust Fund;
- (5) Rebate Fund; and
- (6) Series 1993 Bonds Sinking Fund, and within the Series 1993 Bonds Sinking Fund, the Series 1993 Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act, the proceeds of the Bonds will be deposited as follows:

- (1) Proceeds of the Bonds in the amount of \$375,000 will be deposited in the Series 1993 Bonds Sinking Fund and applied to payment of interest on the Bonds during construction of the Project and for a period not to exceed six months following completion thereof.
- (2) Proceeds of the Bonds in the amount of \$-0- will be deposited in the Series 1993 Bonds Reserve Account.
- (3) Proceeds of the Bonds in the amount of \$843,069 will be immediately paid to the Holders of the Prior Bonds to refund the Prior Bonds.
- (4) Proceeds of the Bonds in the amount of \$165,000 will be deposited in the Bond Construction Trust Fund and then immediately paid to the Holder of the System Design Note to pay the System Design Note in full.
- (5) The balance of the proceeds of the Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Bonds and related costs. Amounts in the Bond Construction Trust Fund, if

invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years.

12. Moneys held in the Series 1993 Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1993 Bonds Sinking Fund and Series 1993 Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Bond Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payments due on the Bonds and then to the next ensuing principal payment due thereon.

13. Except for the Series 1993 Bonds Sinking Fund and the Series 1993 Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Rebate Fund or the Renewal and Replacement Fund will be used or needed for payments upon the Bonds and, because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, 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 desegregation plan producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds, if any, will be deposited in the Series 1993 Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1993 Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 1993 Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1993 Bonds Reserve Account are required by the Authority, are vital to its purchase of the Bonds, and are reasonably required to assure payments of debt service on the Bonds.

14. The Issuer expects to enter into a contract within 6 months of the date hereof, or has already entered into such a contract, for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction is expected to be completed within 17 months of the date hereof.

16. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. With the exception of the amount deposited in the Series 1993 Bonds Sinking Fund for payment of interest on the Bonds and amounts deposited in the Series 1993 Bonds Reserve Account, all of the proceeds of the Bonds will be expended on the Project within 19 months from the date of issuance thereof.

18. The Series 1993 Bonds Sinking Fund (other than the Series 1993 Bonds Reserve Account therein) are intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 1993 Bonds Sinking Fund (other than the Series 1993 Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds or 1 year's interest earnings on the Series 1993 Bonds Sinking Fund (other than the Series 1993 Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1993 Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 1993 Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation.

19. All the proceeds of the Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of April 20, 1993.

20. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

21. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

22. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255.

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than the lesser of 5% of the proceeds of Bonds or \$5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

24. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issues, except to the extent any such proceeds are required for rebate to the United States.

25. The Issuer shall use the Bond proceeds solely for the refunding of the Prior Bonds and the payment of the Costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

26. 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 treatment afforded by Section 103(a) of the Code by reason of 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 the Treasury Regulations promulgated or to be promulgated thereunder in order to ensure the interest on the Bonds is excludable from gross income for federal income tax purposes.

27. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

28. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

29. The Issuer has retained the right to amend the Local Act if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from the gross income of the holders thereof.

30. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

31. The Issuer has created the Series 1993 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1993 Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1993 A Bonds Reserve Account and the Series 1993 Bonds Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 30 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has

occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

33. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

34. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted 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 the Local Act.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or account established under the Local Act and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted to pay, or cause to be paid, to the United States, from the Rebate Fund, 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 from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

35. The Bonds are a fixed yield issue. No interest or other amount payable on any of the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rate or stock or commodity prices after the date of issuance.

36. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

37. No portion of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used, directly or indirectly, to acquire higher yielding instruments, all within the meaning of Section 148 of the Code.

38. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

39. The Issuer will expend the gross proceeds of the Bonds (other than any gross proceeds held in the Series 1993 Bonds Sinking Fund, but including all capitalized interest deposited therein and all earnings thereon) for the Project no later than the day which is two years after the date of issuance of the Bonds. The Issuer will expend the net proceeds (including, without limitation, investment proceeds earned before the close of the period involved on the investment of the sale proceeds of the Bonds) of the Bonds for the Project within the following periods beginning on the date of issuance of the Bonds:

Not less than 10 percent within 6 months,

Not less than 45 percent within 1 year,

Not less than 75 percent within 18 months, and

Not less than 100 percent within 2 years

(except for a reasonable retainage not exceeding 5% of the net proceeds of the Bonds which will be spent within 3 years). The Issuer shall, within 30 days after the end of each six month period described above, and every six month period thereafter until all the proceeds of the Bonds have been expended for the Project, certify to the Authority the amount of expenditure from Bond proceeds as of the end of such period. At least 75% of the net proceeds of the Bonds are to be used for construction expenditures with respect to property owned by the Issuer, and the Project will be owned by the Issuer.

40. The Prior Bonds were secured by a debt service reserve fund in the amount of \$22,446.96 plus additional funds in the debt service and construction accounts in the amount of \$31,009.93, all of which amounts will be applied on this date to the payment of the Prior Bonds.

41. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

42. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

43. To the best of my knowledge, information and belief there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

44. Bowles Rice McDavid Graff & Love is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the exclusion from gross income for federal income tax purposes of interest on the Bonds.

IN WITNESS WHEREOF, I have set my hand this 29th day of July, 1993.

OPEQUON PUBLIC SERVICE DISTRICT

By Calvin B. Dancy  
Chairman

CERTIFICATE

The undersigned certifies that I am duly authorized to execute this Certificate on behalf of Acer Engineers & Consultants, Inc., serving in the capacity of consulting engineers for Opequon Public Service District, and, based on the anticipated construction schedule and schedule of expenditures of the proceeds of the Bonds (as defined in the Certificate as to Arbitrage to which this Certificate is attached), the representations set forth in Paragraph 39 of such Certificate as to Arbitrage with respect to the expenditures of proceeds of the Bonds are reasonable.

Dated: July 29, 1993.

ACER ENGINEERS & CONSULTANTS, INC.

By *George Matthew Brown*  
George Matthew Brown  
Its: *Vice President*

West Virginia License No. 11490



**CERTIFICATE OF CONSULTING ENGINEER**

**OPEQUON PUBLIC SERVICE DISTRICT**

**WATER REVENUE BONDS, SERIES 1993**

I, George Matthew Brown, Registered Professional Engineer, West Virginia License No. 11490, of Acer Engineers & Consultants, Inc. ("Acer"), Consulting Engineers, having offices at 270 Granite Run Drive, Lancaster, Pennsylvania, hereby certify that Acer has contracted with the Opequon Public Service District (the "Issuer") to provide certain design, bidding and construction engineering services for the addition of a 6.0 MGD water treatment facility, 0.75 MG water storage tank, and related appurtenances (the "Project") to be constructed primarily in Berkeley County, West Virginia, which construction, acquisition, engineering and other necessary related activities are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. It is anticipated that the Bonds will be purchased by the West Virginia Water Development Authority. Capitalized words not defined herein shall have the meaning set forth in the Resolution passed by the Public Service Board of the Issuer on July 28, 1993, and the Loan Agreement (the "Loan Agreement") by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated July 29, 1993.

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

WITNESS my signature on this 29th day of July, 1993.

ACER ENGINEERS & CONSULTANTS, INC.

By George Matthew Brown  
George Matthew Brown  
Its Vice President

West Virginia License No. 11490

[SEAL]

157746.1

DATE: July 29, 1993

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: OPEQUON PUBLIC SERVICE DISTRICT  
ESTIMATED COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

Construction	\$ <u>7,256,457</u>	
Technical Services	\$ <u>805,018</u>	
Legal and Fiscal	\$ <u>58,510</u>	
Administrative	\$ _____	
Site and Other Lands	\$ <u>660,914</u>	
Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: Refunding of Series A, B, C _____)	\$ <u>843,069</u>	
Interim Financing Costs	\$ <u>165,000</u>	
Contingency	\$ <u>120,446</u>	
Total of Lines 1 through 8		\$ <u>9,909,414</u>

B. Sources of Funds

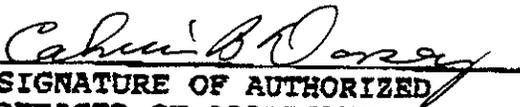
Federal Grants: <sup>1</sup>	_____	\$ _____	
(Specify Source)	_____	\$ _____	
State Grants: <sup>1</sup>	_____	\$ _____	
(Specify Source)	_____	\$ _____	
	_____	\$ _____	
	_____	\$ _____	
Other Grants: <sup>1</sup>	_____	\$ _____	
(Specify Source)	_____	\$ _____	
Any Other Source <sup>2</sup>	From Prior Bonds _____	\$ <u>53,457</u>	
(Specify)	_____	\$ _____	
Total of Lines 10 through 13			\$ <u>53,457</u>
Net Proceeds Required from Bond Issue (Line 9 less Line 14)			\$ <u>9,855,957</u>

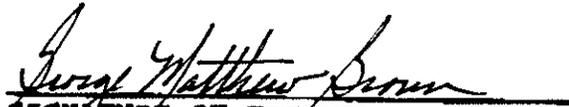
C. Cost of Financing

Capitalized Interest	\$ <u>375,000</u>	
(Construction period plus six months)		
Funded Reserve Account <sup>3</sup>	\$ _____	
Other Costs <sup>4</sup>	\$ <u>27,000</u>	
Total Cost of Financing (Lines 16 through 18)		\$ <u>402,000</u>
Size of Bond Issue (Line 15 plus Line 19)		\$ <u>10,257,957</u>

- 1 Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.
- 2 For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).
- 3 Consult with bond counsel and the Authority before assuming a funded reserve.
- 4 For example, fees of bond counsel for the Governmental Agency.

Additional or explanatory material may be provided on additional sheets attached to Amended Schedule A.

  
SIGNATURE OF AUTHORIZED  
OFFICER OF APPLICANT

  
SIGNATURE OF ENGINEER



**CERTIFICATE DESIGNATING AUTHORIZED  
SIGNATORIES FOR CONSULTING ENGINEER**

**TO:**

One Valley Bank, National Association as Bond Construction Trust Fund Bank  
Attn: Charlotte S. Morgan, Corporate Trust Administrative Officer  
P. O. Box 1793  
Charleston, WV 25326

**RE: Opequon Public Service District Water Revenue Bonds, Series 1993**

**TO WHOM IT MAY CONCERN:**

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

George Matthew Brown  
Richard D. Parks  
David Child

Witness my signature this 29th day of July, 1993.

**ACER ENGINEERS & CONSULTANTS, INC.**

By: George Matthew Brown  
Authorized Officer





**Opequon Public Service District  
Water Revenue Bonds, Series 1993**

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

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the Recommended Decision of Thomas N. Trent, Administrative Law Judge, entered July 14, 1993, which Recommended Decision became the Final Order of the Public Service Commission of West Virginia on July 21, 1993, and projected operation and maintenance expenses furnished to us by Acct. Engineers & Consultants, Inc., consulting engineers for the project, and anticipated customer usage as furnished to us by the management of Opequon Public Service District, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other water revenues of the water system of Opequon Public Service District, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 1993, to be issued to the West Virginia Water Development Authority.

COX ALLEMONG NICHOLS, CPAs

*Cox Allemong Nichols, CPAs*

Martinsburg, West Virginia  
July 29, 1993



By Thyllis C. Woodhall  
County Clerk

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

December 27, 1960

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,  
Ernest C. Alther, Commr.,  
Robert B. Fleming, Commr.

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

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IN RE: QUALIFICATION OF MELVIN P. CRAWFORD  
AS CONSTABLE IN AND FOR OPEQUON DISTRICT

This day Melvin P. Crawford who had heretofore been elected Constable in and for Opequon District, Berkeley County, West Virginia, for a term of four years, beginning on the 1st day of January 1961, and ending on the 31st day of December 1964, personally appeared in Open Court and qualified as such Constable by taking the oath prescribed by law and by giving bond conditioned according to law in the penalty of Thirty Five Hundred Dollars (\$3500.00), with The Home Indemnity Company as his surety.

Said bond is hereby approved.

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Ordered that Court adjourn to meet Friday, December 30, 1960, at 10:30 o'clock A. M.

William F. Reid PRES.  
December 30, 1960

Court Met Pursuant to Adjournment.

Present: William F. Reid, Pres.,  
Ernest C. Alther, Commr.,  
Robert B. Fleming, Commr.

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

-----

IN RE: QUALIFICATION OF NOBLE W. BRANDENBURG  
AS CONSTABLE IN AND FOR HEDGESVILLE DISTRICT

This day Noble W. Brandenburg, who had heretofore been elected Constable in and for Hedgesville District, Berkeley County, West Virginia, for a term of four years beginning on the 1st day of January 1961, and ending on the 31st day of December 1964, personally appeared in Open Court and qualified as such Constable by taking the oath prescribed by law and by giving bond conditioned according to law in the penalty of Thirty Five Hundred Dollars (\$3500.00), with The Aetna Casualty & Surety Company as his surety.

Said bond is hereby approved.

-----

IN RE: APPLICATION OF MYRON L. KELCH  
AS NOTARY PUBLIC

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

-----

IN RE: OATH OF OFFICE OF MEMBER OF THE BERKELEY COUNTY PUBLIC  
SERVICE BOARD OF THE BERKELEY COUNTY PUBLIC SERVICE DISTRICT

This day appeared Lucien LeFevre who had heretofore been appointed as a member of the Berkeley County Public Service Board of the Berkeley County Public Service District and took the oath of office as provided by statute for the faithful performance of his duties as such.

Said oath, being duly signed and sworn to, is hereby ordered to be recorded and made a part of these minutes.

-----

IN THE MATTER OF THE CREATION OF A PUBLIC SERVICE DISTRICT  
FOR WATER AND SEWERAGE SERVICES FOR OPEQUON DISTRICT OF  
BERKELEY COUNTY, WEST VIRGINIA

COUNTY COURT OF BERKELEY COUNTY, WEST VIRGINIA

This matter came on to be heard this 30th day of December, 1960; upon a resolution dated the 3rd day of November, 1960, adopted at a regular meeting of the Berkeley County Public Service Board of the Berkeley County Public Service District petitioning the County Court of Berkeley County, West Virginia, that the said Berkeley County Public Service District be relieved of any and all further jurisdiction or obligation in the furnishing of water and/or sewerage services within Opequon District of Berkeley County, West Virginia; upon said resolution being received and considered by this Court; upon an order of this Court

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

entered on the 13th day of December, 1960, granting such relief petitioned by the said Berkeley County Public Service Board and revoking and rescinding an order of this Court entered on the 10th day of July, 1956, insofar as such order applied to Opequon District of Berkeley County, West Virginia; upon the appearance of Luke E. Terry, Attorney at Law, and other persons owning or holding an interest in property in Opequon District of Berkeley County, West Virginia; upon a petition presented to this Court signed by more than one hundred legal voters resident within said Opequon Magisterial District, owning real estate therein, petitioning this Court that an order be issued in accordance with Chapter 16, Article 13A, of the Code of West Virginia, creating a public service district for the purpose of providing, constructing, acquiring, maintaining, operating, improving and extending water and/or sewerage services within the limits of Opequon Magisterial District of Berkeley County, West Virginia, to be known as Opequon Public Service District.

Upon consideration of all which, and in accordance with Chapter 16, Article 13A, Section 2, of the Code of West Virginia, it is hereby ORDERED, that the petition of more than one hundred legal voters resident within and owning real property within the limits of Opequon Magisterial District, be, and the same is hereby received, and it is further HEREBY ORDERED AND DECREED that this matter shall again come to be heard at 10:30 A. M., EST, on the 20th day of January, 1961, before this Court, at which time all persons residing in or owning or having any interest in property in such proposed public service district shall have an opportunity to be heard for and against its creation, and the Clerk of this Court shall cause notice of such hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication at least once in a newspaper of general circulation published in Berkeley County, West Virginia, at least ten days prior to such hearing. The said Luke E. Terry, Attorney at Law, filing said petition shall pay the costs and expenses of publishing such notice of hearing.

\*\*\*\*\*

NOTICE OF HEARING

IN THE MATTER OF THE CREATION OF A PUBLIC SERVICE DISTRICT FOR WATER AND SEWERAGE SERVICES FOR OPEQUON DISTRICT OF BERKELEY COUNTY, WEST VIRGINIA

Upon petition of more than one hundred legal voters and residents of Opequon Magisterial District of Berkeley County, West Virginia, asking that the County Court of Berkeley County, West Virginia, by order create a public service district within the limits of Opequon Magisterial District, for the purpose of providing, constructing, acquiring, maintaining, operating, improving, and extending, water and/or sewerage services within the limits of said Opequon Magisterial District of Berkeley County, West Virginia, the County Court of Berkeley County, West Virginia, will further consider the creation of such Public Service District and will hold a hearing in the County Court Room of the Berkeley County Court House at Martinsburg, West Virginia, at 10:30 A. M., EST. on Friday, January 20, 1961, at which time all persons residing in or owning or having any interest in property in Opequon Magisterial District, shall have an opportunity to be heard for and against its creation, in accordance with Chapter 16, Article 13A, Sect. 2, of the West Virginia Code of 1955 as amended.

E. C. Dunham, Clerk of the County Court of Berkeley County, West Virginia

Publish once, before Jan. 10.

Ordered that Court adjourn to meet Tuesday, January 3, 1961, at 10:30 o'clock A. M.

*William F. Feil* PRES.



Minute Book No. 29 County Commission of Berkeley County, West Virginia

Commission Minutes of December 10, 1987 cont'd

IN RE: LEASE AGREEMENT SIGNED FOR THE PARCEL OF REAL ESTATE TO BE USED AS A PARK - BOARD OF EDUCATION - BERKELEY COUNTY COMMISSION

This agreement made and entered into on this the 10 day of December, 1987, by and between The Board of Education of the County of Berkeley, hereinafter referred to as "LESSOR," party of the first part, and the County Commission of the County of Berkeley, hereinafter referred to as "LESSEE," party of the second part.

Whereas the Lessor is the owner of a certain parcel of real estate near Hedgesville, W.Va., and,

Whereas the Lessee desires to lease said parcel of real estate in order to develop a park on the grounds;

Now, therefore, in consideration of their mutual promises and undertakings, the parties do agree as follows:

DEMISED PREMISES

Lessor agrees to lease to Lessee that certain parcel of real estate located on Route 9 near Hedgesville, W.Va. more particularly described in Exhibit #1 attached hereto.

TERM

The term of this lease shall be for a period of twenty-five years to commence on December 10, 1987 and to terminate on December 9, 2012, unless sooner terminated as is set forth in Paragraph entitled "Termination" below. This lease may be extended upon mutual agreement by the parties.

USE OF PREMISES

The demised premises shall be used as a public park facility under the control of the Lessee and for no other purpose. In connection with the use of the premises, Lessee shall have the right, at its own expense, to construct structures, install equipment, grade and landscape the grounds and to do and make such improvements as are necessary in the development of the real property into a park facility; Provided that all designs for the aforesaid improvements shall be approved by the Lessor and by the Berkeley County Planning Commission prior to the commencement of any work or construction. All improvements or alterations erected or made on the demised premises shall, on expiration or sooner termination of this lease belong to Lessor without compensation to Lessee, Provided, however, that Lessor shall have the option, to be exercised on expiration or sooner termination of this lease, to require Lessee to remove any or all such improvements or alterations. Lessee, at its own expense, shall maintain any structures, equipment or other improvement in good repair, allowing for ordinary wear and tear.

INSURANCE AND LIABILITY

Lessee shall insure and keep insured the demised premises and all improvements or other structures thereon against any damage thereto or liability thereon in the amount of \$500,000. Lessee shall indemnify Lessor against all claims, demands, causes of action, suits, or judgments, including expenses incurred in connection therewith, for death or injuries to persons or for loss of or damage to property arising out of or in connection with the use and occupancy of the demised premises by Lessee, its agents, employees, or invitees. In the event of any such claims made or suits filed, Lessor shall give Lessee prompt written notice thereof.

TERMINATION

This lease is entered on the express condition that if the Lessor shall fail to develop the demised premises for the park facility within three years from the date of this agreement this lease shall immediately terminate and become null and void and the Lessor shall recover the premises. Lessor reserves the right to terminate this lease, upon sixty days notice to the Lessee, in event that the Lessor, in its sole discretion, requires the land for future projects. Nothing herein shall prevent the parties from mutually agreeing to terminate this lease or to revise, amend or add to its terms by executing a lease in writing and in the same form as this document.

WITNESS the following signatures and seals.

THE COUNTY COMMISSION OF THE  
COUNTY OF BERKELEY

By Donald L. Bayer  
Its President

THE BOARD OF EDUCATION OF THE  
COUNTY OF BERKELEY

By James William "Bill" Butler  
Its President

IN RE: REAPPOINTMENT OF RUBY KERN - BERKELEY COUNTY PUBLIC SERVICE DISTRICT

Commissioner Wright moved the Commission reappoint Rudy Kern as a member of the Berkeley County Public Service District.  
Commissioner Shockey seconded. So ordered unanimously.

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

Commissioner Wright moved the Commission reappoint C. Bruce Dorsey as a member of the Opequon Public Service District.  
Commissioner Shockey seconded. So ordered unanimously.

Minute Book No. 30 County Commission of Berkeley County, West Virginia

Commission Minutes of January 5, 1989

Commission Met Pursuant to Adjournment

Present: John Evans Wright, President Pro Tem  
Donald L. Bayer, Commissioner  
William M. Kisner, Commissioner  
Norm Risavi, County Administrator  
B. I. Butts, Councilman  
Don Fansler, Board Member, Sewer District  
Brad Hansen, Executive Director, Sewer District  
Deborah A. Powell, Secretary

Commission was opened with prayer and the Pledge of Allegiance.

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

IN RE: NOMINATION OF PRESIDENT OF COUNTY COMMISSION

John Small, County Clerk, asked for nominations to serve as President of the Berkeley County Commission.

Commissioner Wright made a motion for Commissioner Donald L. Bayer to serve as President of the Berkeley County Commission. Commissioner Kisner seconded the motion. So ordered.

IN RE: OATH - DONALD L. BAYER - BERKELEY COUNTY COMMISSION PRESIDENT

Commissioner Bayer, elected President of the Berkeley County Commission, appeared in Open Court this day and qualified for said position receiving his Oath of Office.

IN RE: DISAPPROVAL OF COMMISSION MINUTES OF DECEMBER 22 & 29, 1988

Commissioner Wright: Minutes from last two meetings in 1988 have not been formally adopted. There is awkward language dealing with one motion which must be changed. The motion has to be clarified.

Commissioner Wright did not approve the Minutes of December 22 and December 29, 1988.  
Commissioner Kisner seconded the motion. So ordered unanimously.

IN RE: COUNTY COMMISSION/STANDING COMMITTEE APPOINTMENTS

Commissioner Bayer: There are two committees, the Planning Commission and Development Authority, which present a conflict for me. I should not serve on these two committees.

Commissioner Wright: I would like to keep the Committees I am on and be added to the Historic Landmarks Committee. I can't see reappointing Frank Silver when he is not in the community. The county commission needs to protect that commission. I am on the Admiral Boardman Committee, a subcommittee of the Community Development Chapter.

Commissioner Bayer: The Airport Authority and Health Board were erroneously omitted from our list.

Commissioner Bayer: It is a requirement of a County Commissioner to serve on the following boards: Fire Board, Insurance Trust, Planning Commission, Region 9 Planning Dev'l. Council and Airport Authority.

Norm Risavi: John Wright also serves on the Ambulance Authority.

Commissioner Bayer: I serve on the Fire Board and the Insurance Trust. I would like to retain both of those appointments. The policy of this board is that the president set on the Berkeley County Wage & Review Board. I am willing to take that appointment. I would like to retain the Extension Office and Health Board, as well as serve on the Airport Authority.

Commissioner Wright: We put a commissioner on the Development Authority by our Minutes. We could amend the By-Laws. The commission president could appoint a member.

Norm Risavi: Since the County Commission has a considerable investment in the Development Authority and a capital improvement fund, it would be in your interest to see a commissioner appointed. We have capital improvement fund money from land sales at the Mid Atlantic Industrial Park. There's \$500,000 in that fund and the County Commission is responsible for that money.

Commissioner Wright made a motion for Commissioner Kisner to serve on the Development Authority, Planning Commission, Region 9, and Committee on Aging.

Commissioner Kisner seconded the motion. So ordered unanimously.

IN RE: APPOINTMENTS

Commissioner Wright made a motion to reappoint Bruce Dehaven to the Berkeley County Planning Commission for a 3 year term.  
Commissioner Kisner seconded the motion. So ordered unanimously.

Commissioner Wright made a motion to reappoint Howard Collins to the Berkeley County Public Service District for a 6 year term.  
Commissioner Kisner seconded the motion. So ordered unanimously.

Commissioner Kisner made a motion to reappoint Arthur Blizzard to Hedgesville Public Service District for a 6 year term.  
Commissioner Wright seconded the motion. So ordered unanimously.

Commissioner Kisner made a motion to reappoint Gerald Arndt to the Opequon Public Service District for a 6 year term.  
Commissioner Wright seconded the motion. So ordered unanimously.

Commissioner Kisner made a motion to reappoint Charles Foreman to Pan Iran for a 3 year term.  
Commissioner Wright seconded the motion. So ordered unanimously.

Commissioner Bayer: We have received a letter from the Development Authority asking one member be terminated and Vic Shockey be appointed.

Commissioner Wright: We need not make those two appointments today. Someone needs to talk to Mrs. Dalton and I feel it would be premature to appoint Vic Shockey to any committee. After he has had an opportunity to settle into the community, we can reconsider him.

Commissioner Kisner: I agree.

Commissioner Bayer: No action.

Commissioner Wright made a motion for a copy of the letter from the Development Authority be a part of the Minutes.  
Commissioner Kisner seconded the motion. So ordered unanimously.

68

Minutes Book No. 33 County Commission of Berkeley County, West Virginia

Commission Minutes of February 18, 1993 - Continued

William Teach: The State is going to put a moratorium on after the system is constructed as the system is only to alleviate the eminent health problem that is currently existing--to take care of those people, if the line were abandoned, who do not have room to get septic systems on their lots. With \$10,000 in construction costs, we would have \$45,000 remaining from the grant to upgrade the existing 2,200 feet of old tarra cotta line from Route 11 to the railroad tracks and to install a manhole.

Commissioner Murphy: I recommend sending a letter urging the sewer Board to pursue the wetlands approach.

Commissioner Smith: If the sewer Board were to decide not to pursue it, could the County Commission install the wetlands approach using the \$75,000 grant and then give it to the sewer Board to manage?

William Teach: Because of time restrictions, it is going to have to be done that way anyway. As they are a public utility, they have to comply with Rule 42.

Daniel O'Donnell: There is a Code section giving the Commission the ability to give grants to the public service districts. It does not specify the form of the grant--whether or not it has to be a cash grant.

Commissioner Murphy: It would be better if the sewer Board applied for the grant. Our letter should stipulate that the Commission is interested in supporting a wetlands approach with the grant administered through Region 9.

William Teach: The engineering on the wetlands project would be done by BSI. The technology is new and not many engineering firms are familiar with the method. They have installed all the systems in West Virginia so far. The contract with BSI would be around \$5,000. The County's engineering department would be administering and designing the collection system. The estimated revenue for 10 customers is \$7,000 per year with \$100 per month sanitizing costs.

Commissioner Murphy made a motion for the Commission to approve his delivering the message to the Sewer District that the Commission is interested in supporting the wetlands approach and administering the grant through Region 9.

Commissioner Smith seconded the motion. So ordered unanimously.

IN RE: LETTER OF UNDERSTANDING AND DECLARATION OF INTENTION - AC9880

Commissioner Murphy made a motion to authorize the president's signature on the Letter of Understanding and Declaration of Intention with the Sewer Board on retiring the \$175,219.34 debt to the West Virginia Venter Development Authority.

Commissioner Smith seconded the motion. So ordered unanimously.

Commissioner Murphy: We cannot incur an obligation beyond a fiscal year. In this current fiscal year, the Commission may be willing to contribute \$6,000 towards the debt.

IN RE: CHANGE IN LAW - PROCESS SERVICE

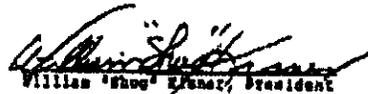
Daniel O'Donnell: The sheriff generates approximately \$75,000 per year from the \$10 fee on process service. The \$75,000 cannot be deposited into the law enforcement account, it must be kept in a separate fund to cover the expenses incurred for the service of papers.

IN RE: JOHN E. MYERS - OATH - OPEQUON PUBLIC SERVICE DISTRICT

John E. Myers, disappointed as a member of the Opequon Public Service District, personally appeared on the 15th day of January, 1993, and qualified for said position receiving his oath of office.

IN RE: RECESS

Commissioner Murphy moved for Commission to recess.  
Commissioner Smith seconded the motion. So ordered unanimously.



William "Shug" Kisher, President

Commission Minutes of February 25, 1993

Commission met pursuant to Warrant

- Present: William "Shug" Kisher, President  
James C. Smith, Commissioner  
Daniel R. O'Donnell, County Administrator  
John V. Small, Jr., County Clerk  
William Teach, County Engineer  
Robert Weaver  
Clifford Miner  
Linda Aragoni, Elmer Gordon, Debra Gordon, Dr. Spalt, and Attorney Cindy Steiner  
Attorney Brad Snowden  
Dennis Groll, Bonnie Barrett, Roberta Weisenberg, Beth Barrett, Jennifer Barrett, and Chris Barrett  
Gordon MacPhee, Murphy Management  
Larry Mann and Brad Unger, Appraisers - Assessor's Office  
Steve Callett, Parks & Recreation  
Carol Debeck, Extension Office  
Mazy Kaskley, Central Dispatch  
Robert Crawford, Richard Whiting and Attorney Richard Pili - Development Authority  
Irene DeLittle, Committee on Aging  
Linda Mason, Van Tran  
MAYBEE LITNER, Main Street Martinburg, Inc.  
Beretah Myers, William Hayman and Don Voads, Landmarks Commission  
Richard Rachtel and William Welton, Jr., Airport Authority  
Deborah A. Powell, Adm. Secretary

Commission was opened with a moment of silence.

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

Commissioner Murphy was excused from the Commission meeting.

IN RE: WESLEY VILLAGE - MOTION RESCINDED

Commissioner Smith made a motion for the Commission to rescind the motion of last week regarding the tax assessment on Wesley



A TRUE COPY  
ATTEST

John W. Small, Jr. Clerk  
Berkeley County Court

By Phyllis C. Woodhall  
Deputy Clerk

STATE OF WEST VIRGINIA,  
Berkeley County, Sct.:

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,  
personally appeared GERALD ARNDT who has  
been duly appointed to the office of  
Member of the Opequon Public Service District

and took and subscribed the following:  
I, GERALD ARNDT, do solemnly swear that I will support the Constitution  
of the United States and the Constitution of the State of West Virginia.

I, GERALD ARNDT, do solemnly swear that I will faithfully discharge the  
duties of the office of Member of the Opequon Public Service District

to the best of my skill and judgment. So help me God. GERALD ARNDT  
Given under my hand this 17th day of July, 1990

Six year term  
John W. Small, Jr.  
Clerk of the County Court of Berkeley County.

STATE OF WEST VIRGINIA,  
Berkeley County, Sct.:

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,  
personally appeared DR. C. VINCENT TOWNSEND who has  
been duly appointed to the office of  
Berkeley County Emergency Ambulance Authority

and took and subscribed the following:  
I, DR. C. VINCENT TOWNSEND, do solemnly swear that I will support the Constitution  
of the United States and the Constitution of the State of West Virginia.

I, DR. C. VINCENT TOWNSEND, do solemnly swear that I will faithfully discharge the  
duties of the office of Berkeley County Emergency Ambulance Authority

to the best of my skill and judgment. So help me God. DR. C. VINCENT TOWNSEND  
Given under my hand this 19th day of July, 1990

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

STATE OF WEST VIRGINIA,  
Berkeley County, Sct.:

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,

State of West Virginia,  
Berkeley County, Sci.;

A TRUE COPY  
ATTEST

John W. Small, Jr., Clerk  
Berkeley County Court

\*

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,

By Phyllis C. Woodhall  
Clerk

personally appeared John E. Myers who

has been duly reappointed to the office of \_\_\_\_\_

Member of the Public Service District Board

and took and subscribed the following:

I, John E. Myers, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, John E. Myers, do solemnly swear that I will faithfully discharge the duties of the office of \_\_\_\_\_

Member of the Public Service District Board  
to the best of my skill and judgment. So help me God.

John W. Small, Jr.  
Clerk

Given under my hand this 15th day of January, 1993

yr. term ending Dec. 31, 1998

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

CASTO & COMPANY INC., SPRINGFIELD, W. VA. REG. ORDER QV-55078-31

State of West Virginia,  
Berkeley County, Sci.;

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,  
personally appeared Fred Gold Butler who

has been duly re-appointed to the office of \_\_\_\_\_

Member of Board of Zoning Appeals

and took and subscribed the following:

I, Fred Gold Butler, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Fred Gold Butler, do solemnly swear that I will faithfully discharge the duties of the office of \_\_\_\_\_

Member of Board of Zoning Appeals  
to the best of my skill and judgment. So help me God.

Fred Gold Butler  
Clerk

Given under my hand this 19th day of February, 1993

3 yr. term ending Dec. 31, 1995

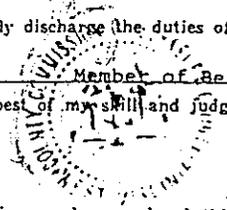
John W. Small, Jr.  
Clerk of the County Court of Berkeley County.

State of West Virginia,  
Berkeley County, Sct.;

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,  
personally appeared Michael Hough who  
has been duly appointed to the office of \_\_\_\_\_  
Member of Berkeley County Emergency Services  
and took and subscribed the following:

I, Michael Hough, do solemnly swear that I will  
support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Michael Hough, do solemnly swear that I will  
faithfully discharge the duties of the office of \_\_\_\_\_  
Member of Berkeley County Emergency Services  
to the best of my skill and judgment. So help me God.



Michael Matthew Hough

Given under my hand this 31st day of January, 19 92

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

A TRUE COPY  
ATTEST

State of West Virginia,  
Berkeley County, Sct.;

John W. Small, Jr. Clerk  
Berkeley County Court

BY Phyllis E. Woodfall

Before me, John W. Small, Jr., Clerk of the Court of the County and State aforesaid,  
personally appeared CALVIN B. DORSEY who  
has been duly reappointed to the office of \_\_\_\_\_  
Member of the Opequon Public Service District  
and took and subscribed the following:

I, CALVIN B. DORSEY, do solemnly swear that I will  
support the Constitution of the United States and the Constitution of the State of West Virginia.

I, CALVIN B. DORSEY, do solemnly swear that I will  
faithfully discharge the duties of the office of \_\_\_\_\_  
Member of the Opequon Public Service District  
to the best of my skill and judgment. So help me God.



Calvin B. Dorsey

Given under my hand this 4th day of February, 19 92



**Private Fire Protection**  
 1. Fire hydrants shall pay an annual rental of \$88.00 per unit.  
 2. Fire hose connections (simplex or duplex) shall pay an annual rental of \$58.67 per unit.  
 3. Sprinkler systems shall pay an annual rental of \$50.00 plus \$0.29 per sprinkler unit.

**Seasonal and Temporary Water Users:**  
 1. Vacation homes, cottages, trailers or other temporary and seasonal users shall make application for special water use in accordance with Rule 4.1B. Also, the user shall notify the District each year when they desire to have the water service either turned off in the Fall or turned on in the Spring.

**Special Charges: Applicable to Temporary or Seasonal Water Users:**  
 1. At the time of filing an application for service, (a) the applicant shall make a security deposit to the District in the amount of \$50.00. The security deposit shall be maintained until permanent discontinuance of the service; and (b) the applicant shall pay the service connection charges.  
 2. The user shall forfeit the local security deposit, if the District can show that the user tampered with the water meter or any other District property.  
 3. The District shall pay the customer annual interest on the 180-day term of the security deposit at prevailing bank rates. In January of each year, the District will bill each special user of the water for their account. If interest is due, it will accompany the statement. If monies are due, payment must be made within 30 days of the date of the bill statement.

Pursuant to Section 24-2-11, West Virginia Code, IT IS ORDERED that Opequon Public Service District, a public utility, give notice of the filing of said application by publishing a copy of this order once in a newspaper, duly qualified by the secretary of State, published and of general circulation in the City of Martinsburg, Berkeley County, making due return to this Commission of proper certification of publication immediately after publication. Any one desiring to make objection to said application must do so in writing, within thirty (30) days after the publication of this notice, to P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said 30-day period, the Commission may waive formal hearing and grant the application of Opequon Public Service District based on the evidence submitted with said application and its review thereof.

A True Copy Testis:  
 \_\_\_\_\_  
 Howard M. Cunningham  
 Executive Secretary  
 (2-16-11)

**PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON**

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 9th day of February, 1993.  
 CASE NO. 93-0094-PWD-CN  
 OPEQUON PUBLIC SERVICE DISTRICT, a public utility, Martinsburg, Berkeley County.

Application for a certificate of convenience and necessity to acquire, construct, operate and maintain water production, transmission and storage facilities in Falling Waters and Opequon Magisterial Districts and the City of Martinsburg, Berkeley County, and for approval of financing and rates and charges incidental thereto.

**NOTICE OF FILING**  
 WHEREAS, on February 4, 1993, Opequon Public Service District, a public utility, Martinsburg, Berkeley County, filed an application, duly verified, for a certificate of public convenience and necessity to acquire, construct, operate and maintain water production, transmission and storage facilities in Falling Waters and Opequon Magisterial Districts and the City of Martinsburg, Berkeley County; and

WHEREAS, Opequon Public Service District estimates that construction will cost approximately \$9,650,000, and proposes to finance the project in question as follows: to refinance its Water Revenue Bonds, Series A, Series B, and Series C, As of June 30, 1992, the outstanding balances of these issues were as follows: Series A: \$201,000; Series B: \$481,000; and Series C: \$350,000. Opequon Public Service District proposes to finance the project by issuance of its Water Revenue Bonds through the West Virginia Water Development Authority in an amount not to exceed \$10,750,000; and

WHEREAS, Opequon Public Service District has requested approval of the following rates and charges:

- Applicability: Applicable within entire territory served.
- Availability: Available for general domestic, commercial and industrial service.
- Rates:
  - First 5,000 gallons used per month \$6.20 per 1,000 gallons.
  - All Over 5,000 gallons used per month \$4.70 per 1,000 gallons.
- No bill will be rendered in less than the following amounts according to the size of the meter installed:
  - 5/8-inch meter \$ 18.35 per month
  - 1-inch meter \$ 45.86 per month
  - 1 1/2-inch meter \$ 91.73 per month
  - 2-inch meter \$ 146.80 per month
  - 3-inch meter \$ 275.18 per month
  - 4-inch meter \$ 458.64 per month
  - 6-inch meter \$ 917.28 per month
- All nonactivated new services installed will be charged the above applicable minimum bill.
- Service Connection Charge \$500.00
- Reconnection Charge \$20.00
- Delayed Payment Penalty: The above tariff is not on all current billings not paid within twenty (20) days ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty interest and is to be collected once for each bill where appropriate.

*Certificate of Publication*

This is to certify the annexed advertisement

HOY G. SHINGLETON, JR.  
 BOWLES, RICE, McDAVID, GRAFF, LOVE

OPEQUON PUBLIC SERVICE DISTRICT  
 CASE #93-0094-PWD-CN

appeared for 1 consecutive days in The Journal Publishing Company a newspaper published in the City of Martinsburg, W. Va., in its issue beginning 2/16 and ending \_\_\_\_\_

The Journal

*Pamela McCreary*

Fee \$ 75.65

**OPEQUON PUBLIC SERVICE DISTRICT  
NOTICE OF INTENT  
TO FILE**

**FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY**

Notice is hereby given that Opequon Public Service District, Route 2 Box 38A, Martinsburg, West Virginia 25401, intends to file an application with the West Virginia Public Service Commission for a Certificate of Convenience and Necessity for approval to acquire, construct, operate and maintain certain public service properties, (the "Project"), within the District's franchise area in Berkeley County, West Virginia, consisting of the following:

- (1) A water intake facility located adjacent to the Potomac River near the Falling Waters area of Berkeley County, West Virginia.
- (2) A water treatment facility to be located in the Falling Waters area of Berkeley County, West Virginia.
- (3) An elevated storage tank in the Grade Road/Marlows area of Berkeley County, West Virginia.
- (4) An elevated storage tank near Martinsburg, West Virginia.
- (5) Transmission lines, pump stations and other appurtenances to integrate the Project into the existing system of the District.

The District estimates the cost of the Project will not exceed \$8,500,000.00.

The District proposes financing the Project by issuance of its Water Revenue Bonds (the "Bonds") in the aggregate principal amount of not more than \$8,750,000.00; bearing interest at a rate not to exceed 8.00% and with maturities of not more than forty years. A portion of the Bonds shall be used to pay in full the existing Revenue Bonds of the District and to pay to the Berkeley County Public Service District all monies due under that certain agreement of the parties of June 23, 1983.

The rates to be charged by the District for water service are estimated not to exceed the following monthly rates:

First 5,000 gallons used per month -- \$5.95 per 1,000 gallons  
Next 545,000 gallons used per month -- \$4.50 per 1,000 gallons  
All Over 550,000 gallons used per month -- \$1.75 per 1,000 gallons

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

5/8 inch meter	\$17.50
1 inch meter	\$44.45
1 1/2 inch meter	\$88.95
2 inch meter	\$142.30
3 inch meter	\$265.75
4 inch meter	\$444.60
6 inch meter	\$899.20

**SERVICE CONNECTION CHARGE - \$500.00**  
**RECONNECTION CHARGE - \$20.00**

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

**PRIVATE FIRE PROTECTION:**

1. Fire Hydrants shall pay an annual rental of \$100.00 per unit.
2. Fire hose connection (simplex or duplex) shall pay an annual rental of \$75.00 per unit.
3. Sprinkler systems shall pay an annual rental of \$100.00 plus \$0.40 per sprinkler unit.

The District will file its formal application with the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity for approval of the Project on or after June 15, 1992.

OPEQUON PUBLIC SERVICE DISTRICT  
By Betty Robinson

*Certificate of Publication*

This is to certify the annexed advertisement

BOWLES, RICE, MCDAVID, GRAFF, LOVE  
HOY SHINGLETON, JR.  
OPEQ. PUB. SER. DIST. NOTICE OF INTENT  
TO FILE FOR CERTIFICATE OF  
CONVENIENCE & NECESSITY

appeared for 2 consecutive <sup>days</sup> <sub>weeks</sub>  
in The Journal Publishing Company a  
newspaper published in the City of  
Martinsburg, W. Va., in its issue  
beginning

4/1

and ending

4/8

The Journal

*Pamela K. McCune*

Fee \$ 74.76



## RULES OF PROCEDURE

### OPEQUON PUBLIC SERVICE DISTRICT

#### ARTICLE I NAME AND PLACE OF BUSINESS

SECTION 1. NAME: Opequon Public Service District

SECTION 2. The principal office of this Public Service District will be located at Route 2 Box 83A, Martinsburg, West Virginia.

SECTION 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Opequon Public Service District, and in the center "seal" as follows:

SECTION 4. The fiscal year of the District shall begin the 1st day of July in each year and shall end on the following June 30.

#### ARTICLE II PURPOSE

This District is organized exclusively for the purpose set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

#### ARTICLE III MEMBERSHIP

SECTION 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Berkeley County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

SECTION 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board. ⊗

**ARTICLE IV**  
**MEETINGS OF THE PUBLIC SERVICE BOARD**

SECTION 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 1st Monday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

SECTION 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

SECTION 3. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least 3 days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purpose of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

**PUBLIC NOTICE OF MEETINGS**

SECTION 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended, notice of the time and place of all regularly scheduled sessions of such Public Service Board, and the time, place and purpose of all special sessions of such Public Service Board, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary or General Manager of the Public Service Board of the Public Service District at the front door of the Berkeley County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board of the time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled sessions. If a particular regularly scheduled session is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary or General Manager of the Public Service Board at the front door to the Berkeley County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

OPEQUON PUBLIC SERVICE DISTRICT  
NOTICE OF SPECIAL SESSION

The Public Service Board of Opequon Public Service District will meet in special session on \_\_\_\_\_, at \_\_\_\_\_ .m., prevailing time, at \_\_\_\_\_, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Authorizing Resolution providing for the issuance of a \_\_\_\_\_ Bond, Series \_\_\_\_\_, of the District, in the principal amount of \$ \_\_\_\_\_, to provide funds for construction of \_\_\_\_\_ facilities of the District.

2.

\_\_\_\_\_  
Secretary or General Manager

Date: \_\_\_\_\_

**ARTICLE V**  
**OFFICERS**

SECTION 1. The officers of the Public Service Board shall be a Chairman, Secretary and Treasurer. The Chairman shall be elected from the members of the Public Service Board, and may be the same person.

SECTION 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in the month of January of such year. The officers so

elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

#### **ARTICLE VI** **DUTIES OF OFFICERS**

SECTION 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these Rules of Procedure, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directly by the members of the Board.

SECTION 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

SECTION 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

SECTION 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

#### **ARTICLE VII** **AMENDMENTS TO RULES OF PROCEDURE**

These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a

majority vote of the entire Board, or at any regular or special meetings of the members when a quorum is present in person and a majority of those present vote for the amendment; but no change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

2350684doc.91

OPEQUON PUBLIC SERVICE DISTRICT  
REGULAR MEETING-JAN 4, 1993

The Public Service Board of Opequon Public Service District met on January 4, 1993 at 5:15 PM in regular session with all members present. Also attending: Hoy Shingleton, Legal Counsel; Richard Beegle, Consulting Engineer; and Betty A. Robinson, General Manager.

The following business was discussed and action taken as noted:

Matt Brown, PSC Engineer, was present to discuss the PRWS with the Opequon Board. This item is noted in #10, page 2 of these minutes.

1. Being the first meeting of the calendar year, election was held.

Moved by G. Arndt with second by J. Myers that officers remain the same as in 1992. Motion unanimous by a vote of 3 for and 0 against. Officers are as follows:

Calvin B. Dorsey	Chairman
John E. Myers	Vice Chairman
Gerald R. Arndt	Secretary/Treasurer

(A letter is attached notifying the Berkeley County Commission of the 1993 election of officers.)

Betty A. Robinson was re-appointed General Manager for 1993.

2. Minutes of November 2, 1992 Regular Meeting, December 7, 1992 Regular Meeting, December 16th Bid Opening and December 22, 1992 Special Meeting were reviewed by Board and authorized the execution of same by the Board. Moved they be accepted by G. Arndt with second by J. Myers. Motion unanimous.

3. Accounts payable were presented: Motion by G. Arndt with second by J. Myers that December accounts totaling \$104,837.32 which included \$28,535.48 in Developer Refunds be accepted. Motion unanimous.

4. The Quarterly District meeting will be January 13, 1993, at the Eatery in Inwood. Speaker will be new Berkeley County Commissioner, James B. Smith.

5. BUTTS EXTENSION: GM made a request to extend a water main approximately 100 feet on Butts Road. Jim Butts said he would do all of the work if Opequon furnished the pipe. The Board agreed but arrangements on appurtenances and etc. will need to be worked out before any construction.

6. US11 ROAD CROSSING: Two services have been applied for at the corner of Weaver's Lane and US 11. Due to previous known cost of boring US 11 (over \$7,000. for Stout Service), the

General Manager requested the Board approve a 10 inch water main crossing for future extensions. The District has a 20 ft right of way from James Coyle on the east and south side of the corner lot. OPSD will ask the Department of Highways for a road cut instead of bore as this road will be paved in the Spring of 1993. The OPSD agreed with this request but GM will need to work out application for a road cut and request prices on road crossing.

7. Copier: A Sharp SF-8350 copier/with cabinet has been on demo for a total cost of \$3,320. Approximate cost to repair the 1984 model is just over \$1000. Copier has options to add double-side copying and sorting up to 15 pages. Motion was made (C. Dorsey) to buy the copier. Motion unanimous.

8. WACKER: Cost to repair the tamper is over \$800. Cost of a new wacker will be between \$1800 to \$2200. Moved by J. Myers with second by G. Arndt that Opequon check equipment/prices and purchase if available. Motion unanimous.

9. BIDS/DUMP TRUCK AND AUTOMATIC METERS/READING EQUIPMENT: The Board authorized the GM to advertise for the dump truck and automatic meters/reading/billing software with bid opening date February 1, 1993, and also requested the Consulting Engineer to help prepare the specifications and advertisement. Opequon has the right to reject any and all bids.

9. HOFFMAN WATER MAIN EXTENSION: Be it hereby noted plans were approved upon recommendation by Beegle Consultants, LTD. for the 10 inch water main extension across Mid-Atlantic Parkway for Hoffman Properties on December 22, 1992. Plans and mylar were signed by the Chairman.

10. PRWS: Matt Brown reviewed to bidding received on December 16th, 1992, all which was rejected by the District as being over the scope of the project. The following was discussed:

- (a) over-bids reviewed/project unknown by many contractors
- (b) lists of qualified contractors submitted by PSC  
District has list of qualified contractors in WV area
- (c) meeting with DuPont officials necessary to work out arrangements during construction
- (d) deletion mandatory pre-bid requirement
- (e) re-vamp of project

Brown presented a document "Considerations for reducing anticipated construction costs of project prior to re-bid"

Each item was discussed and action taken on 34 items showing a budget savings of \$1,622,800 and additional suggestions offered with a budget savings of \$452,000. This list is to be revised and delivered to Opequon the last week of January. A penciled copy of changes is attached to these minutes.



**OPEQUON PUBLIC SERVICE DISTRICT**

**WATER REVENUE BONDS,  
SERIES 1993**

**MINUTES ON ADOPTION OF BOND  
RESOLUTION AND SUPPLEMENTAL RESOLUTION**

I, Gerald R. Arndt, Secretary of the Public Service Board of Opequon Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

\*\*\*

\*\*\*

\*\*\*

The Public Service Board of Opequon Public Service District met in special session, pursuant to notice duly posted, on the 28th day of July, 1993, at Martinsburg, West Virginia, at the hour of 7:45 a.m.

PRESENT:	Calvin B. Dorsey	- Member and Chairman
	Gerald R. Arndt	- Member, Secretary and Treasurer
	John E. Myers	- Member
	Hoy G. Shingleton, Jr.	- Attorney for District
	Betty A. Robinson	- General Manager

**ABSENT:**

Calvin B. Dorsey, Chairman, presided, and Gerald R. Arndt acted as Secretary.

Thereupon the Chairman presented a proposed Bond Resolution in writing entitled:

**AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS SYSTEM OF THE OPEQUON PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF AND THE REFINANCING AND REFUNDING OF VARIOUS PRIOR OBLIGATIONS OF THE OPEQUON PUBLIC SERVICE DISTRICT THROUGH THE ISSUANCE BY THE OPEQUON PUBLIC SERVICE DISTRICT OF NOT MORE THAN ELEVEN MILLION DOLLARS (\$11,000,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1993; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH WATER REVENUE BONDS, SERIES 1993; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE OF SUCH WATER REVENUE BONDS, SERIES 1993 TO THE WEST VIRGINIA WATER DEVELOPMENT**

AUTHORITY; AND ADOPTING OTHER PROVISIONS  
RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion by John E. Myers, seconded by Gerald R. Arndt, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1993 OF OPEQUON PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A BONDS REGISTRAR, DEPOSITORY BANK, BOND CONSTRUCTION TRUST FUND BANK; AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion of John E. Myers, seconded by Gerald R. Arndt, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

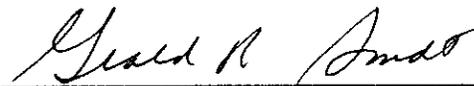
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I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 29th day of July, 1993.



Secretary,  
Opequon Public Service District



is your RETURN ADDRESS complete on the reverse side

- SENDER:**
- Complete items 1 and/or 2 for additional services.
  - Complete items 3, and 4a & b.
  - Print your name and address on the reverse of this form so that we can return this card to you.
  - Attach this form to the front of the mailpiece, or on the back if space does not permit.
  - Write "Return Receipt Requested" on the mailpiece below the article number.
  - The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address
2.  Restricted Delivery

Consult postmaster for fee.

**FILE COPY**

3. Article Addressed to:  
**Internal Revenue Service Center**  
**Philadelphia, PA 19255**

4a. Article Number  
**P 450 599 722**

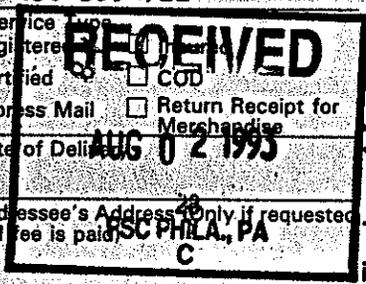
4b. Service Type  
 Registered  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

7. Date of Delivery  
**AUG 02 1993**

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)  
**PSC PHILA, PA**

6. Signature (Agent)



Thank you for using Return Receipt Service.

105 W. BURKE STREET  
 POST OFFICE DRAWER 1419  
 MARTINSBURG, WEST VIRGINIA 25401-1419  
 TELEPHONE 304-263-0836  
 FACSIMILE 304-267-3822

PS Form **3811**, December 1991 \*U.S. GPO: 1992-323-402 **DOMESTIC RETURN RECEIPT**

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**  
**NO. P 450 599 722**

Internal Revenue Service Center  
 Philadelphia, PA 19255

RE: Opequon Public Service District  
Water Revenue Bonds, Series 1993

Dear Sirs:

Please find enclosed Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, submitted in connection with the issuance by the Opequon Public Service District of its Water Revenue Bonds, Series 1993.

Also enclosed, please find a copy of said Form 8038-G, which has been stamped "COPY" in the upper right-hand corner. It would be greatly appreciated if you would stamp said copy acknowledging your receipt of the subject Form 8038-G and indicating the date on which said Form 8038-G was received by your office. Please then return said copy to the undersigned in the enclosed self-addressed, postage prepaid envelope.

If you have any questions or comments regarding the foregoing, please contact the undersigned at your convenience. Thank you for your cooperation.

Very truly yours,

Camden P. Siegrist

CPS/spg  
 Enclosures

COPY

Form **8038-G**  
(Rev. October 1989)  
Department of the Treasury  
Internal Revenue Service

**Information Return for Tax-Exempt Governmental Obligations**  
Under Section 149(e)  
See separate instructions  
(Use Form 8038-GC if the issue price is under \$100,000)

OMB No. 1545-0720  
Expires 5-31-92

Check box if Amended Return

**Part I Reporting Authority**

1 Issuer's name: **Opequon Public Service District**

2 Issuer's employer identification number: **55-0460566**

3 Number and street: **Route 2, Box 83A**

4 Report number: **G19 93 - 1**

5 City or town, state, and ZIP code: **Martinsburg, West Virginia 25401**

6 Date of issue: **July 29, 1993**

7 Name of Issue: **Water Revenue Bonds, Series 1993**

8 CUSIP Number: **N/A**

**Part II Type of Issue (check box(es) that applies and enter the Issue Price)**

9 Check box if obligations are tax or other revenue anticipation bonds

10 Check box if obligations are in the form of a lease or installment sale

11  Education

12  Health and hospital

13  Transportation

14  Public safety

15  Environment (including sewage bonds) (Water)

16  Housing

17  Utilities

18  Other. Describe (see Instructions)

Issue price: **10,257,957**

IRS RECEIVED

**Part III Description of Obligations**

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	4/1/33	6.75 %	703,717	703,717	28.64 years	6.75 %	6.75 %
20 Entire issue			10,257,957	10,257,957			

**Part IV Uses of Original Proceeds of Bond Issues (including underwriters' discount)**

		21	22
21 Proceeds used for accrued interest			-0-
22 Issue price of entire issue (enter line 20c)			10,257,957
23 Proceeds used for bond issuance costs (including underwriters' discount)	23	27,000	
24 Proceeds used for credit enhancement	24		
25 Proceeds allocated to reasonably required reserve or replacement fund	25		
26 Proceeds used to refund prior issues	26	843,069	
27 Total (add lines 23, 24, 25, and 26)			870,069
28 Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)			9,387,888

**Part V Description of Refunded Bonds (complete this part only for refunding bonds)**

29 Enter the remaining weighted average maturity of the bonds to be refunded  [See Attached] years

30 Enter the last date on which the refunded bonds will be called  July 29, 1993

31 Enter the date(s) the refunded bonds were issued  March 1, 1962; March 1, 1970; October 16, 1991

**Part VI Miscellaneous**

32 Enter the amount of the state volume cap allocated to the issue  -0-

33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception)  -0-

34 Pooled financings:  -0-

a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue  and enter the name of the issuer  West Virginia Water Development Authority and the date of the issue  April 20, 1993

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

*Calvin B. Dorsey* July 29, 1993 Calvin B. Dorsey, Chairman  
Signature of officer Date Type or print name and title

**ATTACHMENT TO  
FORM 8038-G**

**Information Return for Tax-Exempt Government Obligations**

Issuer: Opequon Public Service District  
Employer Identification Number: 55-0460566  
Issue: Water Revenue Bonds, Series 1993  
Date of Issue: July 29, 1993

Line 29 - Remaining weighted average maturity of the bonds to be refunded:

Water Revenue Bonds, Series A dated March 1, 1962	5.255435 years
Water Revenue Bonds, Series B dated March 1, 1970	9.409483 years
Water Revenue Bonds, Series C dated October 16, 1991	2.586207 years



WV MUNICIPAL BOND COMMISSION  
Suite 337 Building 3  
1800 Washington St. E  
State Capitol Complex  
Charleston, WV 25305  
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: July 29, 1993

(See Reverse for Instructions)

ISSUER & ISSUE: Opequon Public Service District Water Revenue Bonds, Series 1993  
ADDRESS: Route 2, Box 83A, Martinsburg, West Virginia 25401 COUNTY: Berkeley  
PURPOSE New Money   
OF ISSUE: Refunding  Refunds issue(s) dated: March 1, 1962; March 1, 1970; Oct 16, 1991  
ISSUE DATE: July 29, 1993 CLOSING DATE: July 29, 1993  
ISSUE AMOUNT: \$ 10,257,957 RATE: 6.75%  
1st DEBT SERVICE DUE: October 1, 1993 1st PRINCIPAL DUE: October 1, 1995  
1st DEBT SERVICE AMOUNT: \$119,248.75 PAYING AGENT: Municipal Bond Commission

ISSUERS Bowles Rice McDavid UNDERWRITERS  
BOND COUNSEL: Graff & Love BOND COUNSEL: Jackson & Kelly  
Contact Person: Camden P. Siegrist, Esq. Contact Person: Samme L. Gee, Esq.  
Phone: 347-1129 Phone: 340-1318  
CLOSING BANK: One Valley Bank, N.A. ESCROW TRUSTEE: Not Applicable  
Contact Person: Charlotte Morgan Contact Person:  
Phone: 348-7239 Phone:  
KNOWLEDGEABLE ISSUER CONTACT OTHER:  
Contact Person: Betty A. Robinson Contact Person:  
Position: General Manager Function:  
Phone: 267-4600 Phone:

DEPOSITS TO MBC AT CLOSE: Accrued Interest: \_\_\_\_\_ Days \$ \_\_\_\_\_  
By Wire x Capitalized Interest: \$ 375,000  
x Check Reserve Account: \$ \_\_\_\_\_  
IGT Other: \$ \_\_\_\_\_

REFUNDS & TRANSFERS BY MBC AT CLOSE:  
By Wire To Escrow Trustee: \$ \_\_\_\_\_  
Check To Issuer: \$ \_\_\_\_\_  
IGT To CIF-State Treasury \$ \_\_\_\_\_  
To Other: \$ \_\_\_\_\_

NOTES: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
DOCUMENTS  
REQUIRED: \_\_\_\_\_  
TRANSFERS  
REQUIRED: \_\_\_\_\_  
\_\_\_\_\_



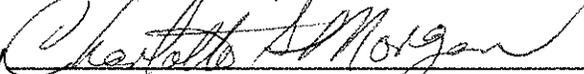
**OPEQUON PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 1993**

**ACCEPTANCE OF DUTIES OF REGISTRAR**

One Valley Bank, National Association, with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Opequon Public Service District Water Revenue Bonds, Series 1993, dated July 29, 1993, in the aggregate principal amount of \$10,257,957 (the "Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

Dated this 29th day of July, 1993.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By 

Its Corporate Trust Administrative  
Officer



**OPEQUON PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 1993**

**ACCEPTANCE OF DUTIES OF DEPOSITORY BANK**

The Peoples National Bank of Martinsburg, Martinsburg, West Virginia, a national association with principal offices in the City of Martinsburg, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and Supplemental Resolution (collectively, the "Resolution") of Opequon Public Service District, both adopted July 28, 1993, authorizing issuance of the District's Water Revenue Bonds, Series 1993 dated July 29, 1993, in the aggregate principal amount of \$10,257,957 (the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Dated this 29th day of July, 1993.

THE PEOPLES NATIONAL BANK OF  
MARTINSBURG, WEST VIRGINIA

By Maury B. Kiser

Its PRESIDENT



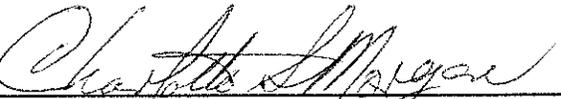
**OPEQUON PUBLIC SERVICE DISTRICT  
WATER REVENUE BONDS, SERIES 1993**

**ACCEPTANCE OF DUTIES OF BOND CONSTRUCTION TRUST FUND BANK**

One Valley Bank, National Association, a national association with principal offices in the City of Charleston, West Virginia, hereby accepts appointment as Bond Construction Trust Fund Bank in connection with a Bond Resolution and Supplemental Resolution (collectively, the "Resolution") of Opequon Public Service District, both adopted July 28, 1993, authorizing issuance of the District's Water Revenue Bonds, Series 1993 dated July 29, 1993, in the aggregate principal amount of \$10,257,957 (the "Bonds") and agrees to perform all duties of Bond Construction Trust Fund Bank in connection with such Bonds, all as set forth in said Resolution.

Dated this 29th day of July, 1993.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By   
\_\_\_\_\_  
Its Corporate Trust Administrative  
Officer



July 29, 1993

One Valley Bank, National Association  
Charleston, West Virginia  
Attention: Charlotte Morgan,  
Corporate Trust Administrative Officer

RE: \$10,257,957 Opequon Public Service District  
Water Revenue Bonds, Series 1993

Ladies and Gentlemen:

Please be advised that the proceeds of the above-referenced Bonds in the amount of \$10,257,957 are to be disbursed as follows:

	<u>Payee</u>	<u>Amount</u>
1.	West Virginia Municipal Bond Commission for capitalized interest, by check delivered to the Commission	\$ 375,000.00
2.	GE Capital Asset Management Corporation to refund the Series A Bonds, by wire to:  Society National Bank Cleveland, Ohio ABA #0410-01039 Acct. #010008646 (Reference GE Capital Account No. 04-009170-1)	187,492.20
3.	United States Department of Commerce Economic Development Administration to refund the Series B Bonds, by wire to:  US Treasury Washington, D.C. Treasury ABA No. 021030004 Tele Abbreviation: TREAS NYC/CTR BNF=/AC-132000010BI=Opequon Economic Development Administration Project No. 01-01-00433	408,312.80

4. The Peoples National Bank of Martinsburg, 247,264.38  
West Virginia, to refund the Series C  
Bonds, by wire to:

The Peoples National Bank of Martinsburg,  
West Virginia  
ABA No. 057 000 697  
Reference: Commercial Loan Payoff  
3781 00 3781 Opequon

The Balance of \$9,039,887.62 shall then be deposited in the Bond Construction Trust Fund to be held by your Bank and then the following amounts shall be disbursed therefrom as follows:

5. Old National Bank, Martinsburg, 165,000.00  
West Virginia, to pay the  
Waterworks System Design Notes,  
Series 1992, by wire to:

OLD Martinsburg  
ABA 0570 00668  
Attention To: Douglas Stein  
Commercial Lending Division  
For: Opequon Public Service District  
Loan #87492

6. Bowles Rice McDavid Graff & Love 25,000.00  
as payment for Bond Counsel services,  
by check (Requisition attached)

7.	Berkeley County Public Service District to acquire a portion of the Berkeley County Public Service District's waterworks system, (Requisition attached) by wire to:  F & M Bank - Martinsburg ABA 057 000671 Attention: Berkeley County Public Service District Revenue Fund No. 11002323	374,542.00
8.	Acer Engineers & Consultants, Inc. as payment for Engineering Services, by check (Requisition attached)	320,918.63
9.	Bowles Rice McDavid Graff & Love as payment for legal services, by check (Requisition attached)	41,956.11
10.	Cox Allemong Nichols, CPA as payment for Accounting Services, by check (Requisition attached)	16,554.00
11.	Beegle Consultants, Ltd. as payment for Engineering Services, by check (Requisition attached)	59,098.87
12.	Bowles Rice McDavid Graff & Love Client Trust Account for payment of the following:	90,621.50
a.	E.I. duPont deNemours Co. as payment for Right-of-Way easement (Requisition attached)	5,000.00
b.	E.I. duPont deNemours Co. as payment for Plant Site (Requisition attached)	38,121.50

- c. The Schonder-Thomas Co., Inc. 47,500.00  
as payment for Tank Site  
(Requisition attached)

To be wired to:

Bowles Rice McDavid Graff & Love  
Trust Account II  
Account No. 300-223-0  
Old National Bank/Martinsburg  
ABA 057 000 668

The Balance of \$7,946,196.51 shall remain in the Bond Construction Trust Fund until subsequent requisitions for the disbursement thereof are submitted to you for Project Costs from time to time, and, until so requested shall be invested in seven-day repurchase agreements fully secured by Government Obligations, as defined in the applicable Bond Resolution or such other investments as may be directed by the Issuer in writing from time to time.

OPEQUON PUBLIC SERVICE DISTRICT

By: Calvin B. Dorsey  
Its: Chairman

**REQUISITION FORM**

One Valley Bank, National Association  
Attention: Charlotte S. Morgan  
Corporate Trust Administrative Officer  
P. O. Box 1793  
Charleston, WV 25326

RE: Opequon Public Service District  
Water Revenue Bonds, Series 1993

Dear Ms. Morgan:

You are authorized to make the following disbursement from the Bond Construction Trust Fund created under the Bond Resolution of the above-captioned bond issue.

- |    |                                  |                                                                                             |
|----|----------------------------------|---------------------------------------------------------------------------------------------|
| 1. | Requisition Number:              | One (1)                                                                                     |
| 2. | Name and Address<br>of Payee:    | Berkeley County Public Service District                                                     |
| 3. | Amount:                          | <u>\$374,542.00</u>                                                                         |
| 4. | Classification of<br>of Expense: | Acquisition of portion of Berkeley County<br>Public Service District's waterworks<br>system |

a) The expense listed above has been properly incurred as a Project Cost and has not been the basis of any previous disbursement.

b) A copy of the invoice relating to this payment (is) (is not) attached.

OPEQUON PUBLIC SERVICE DISTRICT

By:           Cahill O'neil            
Its: Chairman

ACER ENGINEERS & CONSULTANTS, INC.

By:           George Matthew Brown            
Its: Consulting Engineer

          7-29-93            
Date

**REQUISITION FORM**

One Valley Bank, National Association  
Attention: Charlotte S. Morgan  
Corporate Trust Administrative Officer  
P. O. Box 1793  
Charleston, WV 25326

RE: Opequon Public Service District  
Water Revenue Bonds, Series 1993

Dear Ms. Morgan:

You are authorized to make the following disbursement from the Bond Construction Trust Fund created under the Bond Resolution of the above-captioned bond issue.

- |    |                            |                                                                                    |
|----|----------------------------|------------------------------------------------------------------------------------|
| 1. | Requisition Number:        | Two (2)                                                                            |
| 2. | Name and Address of Payee: | Acer Engineers & Consultants, Inc.<br>270 Granite Run Drive<br>Lancaster, PA 17601 |
| 3. | Amount:                    | \$320,918.63                                                                       |
| 4. | Classification of Expense: | Engineering Services                                                               |

a) The expense listed above has been properly incurred as a Project Cost and has not been the basis of any previous disbursement.

b) A copy of the invoice relating to this payment (is) (is not) attached.

OPEQUON PUBLIC SERVICE DISTRICT

By: Calvin D. Orsey  
Its: Chairman

ACER ENGINEERS & CONSULTANTS, INC.

By: George Matthew Brown  
Its: Consulting Engineer

7/29/93  
Date

**REQUISITION FORM**

One Valley Bank, National Association  
Attention: Charlotte S. Morgan  
Corporate Trust Administrative Officer  
P. O. Box 1793  
Charleston, WV 25326

RE: Opequon Public Service District  
Water Revenue Bonds, Series 1993

Dear Ms. Morgan:

You are authorized to make the following disbursement from the Bond Construction Trust Fund created under the Bond Resolution of the above-captioned bond issue.

- |    |                            |                                                                                 |
|----|----------------------------|---------------------------------------------------------------------------------|
| 1. | Requisition Number:        | Three (3)                                                                       |
| 2. | Name and Address of Payee: | Bowles Rice McDavid Graff & Love<br>P. O. Box 1386<br>Charleston, WV 25325-1386 |
| 3. | Amount:                    | \$25,000                                                                        |
| 4. | Classification of Expense: | Bond Counsel Fees                                                               |

a) The expense listed above has been properly incurred as a Project Cost and has not been the basis of any previous disbursement.

b) A copy of the invoice relating to this payment (is) (is not) attached.

OPEQUON PUBLIC SERVICE DISTRICT

By: Calvin B. Doney  
Its: Chairman

ACER ENGINEERS & CONSULTANTS, INC.

By: George Matthew Brown  
Its: Consulting Engineer

7/29/93  
Date

**REQUISITION FORM**

One Valley Bank, National Association  
Attention: Charlotte S. Morgan  
Corporate Trust Administrative Officer  
P. O. Box 1793  
Charleston, WV 25326

RE: Opequon Public Service District  
Water Revenue Bonds, Series 1993

Dear Ms. Morgan:

You are authorized to make the following disbursement from the Bond Construction Trust Fund created under the Bond Resolution of the above-captioned bond issue.

- |    |                                  |                                                                                  |
|----|----------------------------------|----------------------------------------------------------------------------------|
| 1. | Requisition Number:              | Four (4)                                                                         |
| 2. | Name and Address<br>of Payee:    | Bowles Rice McDavid Graff & Love<br>105 W. Burke Street<br>Martinsburg, WV 25401 |
| 3. | Amount:                          | \$41,956.11                                                                      |
| 4. | Classification of<br>of Expense: | Legal Services                                                                   |

a) The expense listed above has been properly incurred as a Project Cost and has not been the basis of any previous disbursement.

b) A copy of the invoice relating to this payment (is) (is not) attached.

OPEQUON PUBLIC SERVICE DISTRICT

By: Colin B. O'Neal  
Its: Chairman

ACER ENGINEERS & CONSULTANTS, INC.

By: George Matthew Brown  
Its: Consulting Engineer

7/29/93  
Date

**REQUISITION FORM**

One Valley Bank, National Association  
Attention: Charlotte S. Morgan  
Corporate Trust Administrative Officer  
P. O. Box 1793  
Charleston, WV 25326

RE: Opequon Public Service District  
Water Revenue Bonds, Series 1993

Dear Ms. Morgan:

You are authorized to make the following disbursement from the Bond Construction Trust Fund created under the Bond Resolution of the above-captioned bond issue.

- |    |                                  |                                                     |
|----|----------------------------------|-----------------------------------------------------|
| 1. | Requisition Number:              | Five (5)                                            |
| 2. | Name and Address<br>of Payee:    | Cox Allemong Nichols, CPAs<br>Martinsburg, WV 25401 |
| 3. | Amount:                          | \$16,554                                            |
| 4. | Classification of<br>of Expense: | Accounting Services                                 |

a) The expense listed above has been properly incurred as a Project Cost and has not been the basis of any previous disbursement.

b) A copy of the invoice relating to this payment (is) (is not) attached.

OPEQUON PUBLIC SERVICE DISTRICT

By: Calvin B. Dorsey  
Its: Chairman

ACER ENGINEERS & CONSULTANTS, INC.

By: George Matthew Brown  
Its: Consulting Engineer

7/29/93  
Date

**REQUISITION FORM**

One Valley Bank, National Association  
Attention: Charlotte S. Morgan  
Corporate Trust Administrative Officer  
P. O. Box 1793  
Charleston, WV 25326

RE: Opequon Public Service District  
Water Revenue Bonds, Series 1993

Dear Ms. Morgan:

You are authorized to make the following disbursement from the Bond Construction Trust Fund created under the Bond Resolution of the above-captioned bond issue.

- |    |                                  |                          |
|----|----------------------------------|--------------------------|
| 1. | Requisition Number:              | Six (6)                  |
| 2. | Name and Address<br>of Payee:    | Beegle Consultants, Ltd. |
| 3. | Amount:                          | <u>\$59,098.87</u>       |
| 4. | Classification of<br>of Expense: | Engineering Services     |

a) The expense listed above has been properly incurred as a Project Cost and has not been the basis of any previous disbursement.

b) A copy of the invoice relating to this payment (is) (is not) attached.

OPEQUON PUBLIC SERVICE DISTRICT

By: Carlin B. Dorey  
Its: Chairman

ACER ENGINEERS & CONSULTANTS, INC.

By: George Matthew Brown  
Its: Consulting Engineer

7/29/93  
Date

**REQUISITION FORM**

One Valley Bank, National Association  
Attention: Charlotte S. Morgan  
Corporate Trust Administrative Officer  
P. O. Box 1793  
Charleston, WV 25326

RE: Opequon Public Service District  
Water Revenue Bonds, Series 1993

Dear Ms. Morgan:

You are authorized to make the following disbursement from the Bond Construction Trust Fund created under the Bond Resolution of the above-captioned bond issue.

- 1. Requisition Number: Seven (7)
- 2. Name and Address of Payee: Bowles Rice McDavid Graff & Love  
Client Trust Account  
105 W. Burke Street  
Martinsburg, WV 25401
- 3. Amount: \$90,621.50
- 4. Classification of Expense:

<u>Ultimate Payee</u>	<u>Amount</u>	<u>Purpose</u>
E. I. duPont deNemours & Co.	\$ 5,000.00	Right-of-Way Acquisition
E. I. duPont deNemours & Co.	38,121.50	Plant Site Acquisition
The Schonder-Thomas Co., Inc.	<u>47,500.00</u>	Tank Site Acquisition
	<u>\$90,621.50</u>	

- a) The expense listed above has been properly incurred as a Project Cost and has not been the basis of any previous disbursement.
- b) A copy of the invoice relating to this payment (is) (is not) attached.

OPEQUON PUBLIC SERVICE DISTRICT

By: Calvin B. Dorsey  
Its: Chairman

ACER ENGINEERS & CONSULTANTS, INC.

By: Serge Matthew Simon  
Its: Consulting Engineer

7/29/93  
Date



**OPEQUON PUBLIC SERVICE DISTRICT**  
**WATER REVENUE BONDS, SERIES 1993**  
**CERTIFICATE OF REGISTRATION OF BONDS**

I, Charlotte S. Morgan, Corporate Trust Administrative Officer, of One Valley Bank, National Association, as Registrar under the Local Act providing for the \$10,257,957 aggregate principal amount of Water Revenue Bonds, Series 1993 of Opequon Public Service District (the "Issuer"), hereby certify that on the 29th day of July, 1993, the single fully registered Series 1993 Bond of the Issuer in the principal amount of \$10,257,957 designated "Water Revenue Bond, Series 1993," numbered R-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 29th day of July, 1993.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By *Charlotte S. Morgan*  
Its Corporate Trust Administrative  
Officer



## REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 29th day of July, 1993, by and between OPEQUON PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$10,257,957 aggregate principal amount of Water Revenue Bonds, Series 1993, in fully registered form (the "Bonds"), pursuant to a Bond Resolution adopted July 28, 1993, and a Supplemental Resolution adopted July 28, 1993 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. Registrar hereby agrees to waive any compensation for services rendered for acting as Registrar in consideration of the compensation to be paid by

the Issuer to the Registrar in its capacity as Bond Construction Trust Fund Bank under the Local Act.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

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

Registrar: One Valley Bank, National Association  
Post Office Box 1793  
One Valley Square  
Charleston, WV 25326  
Attn: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, OPEQUON PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

OPEQUON PUBLIC SERVICE DISTRICT

By: Calvin B. Doney  
Its Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

By: Charlotte M. Morgan  
Its Corporate Trust Administrative  
Officer

**EXHIBIT A**

[Included in transcript as Document No. 1 and Document No. 2]

157751.1



THIS DEED, made and entered into this 18th day of July, 1993, by and between, BERKELEY COUNTY PUBLIC SERVICE DISTRICT, (BCPSD) Grantor and party of the first part, and OPEQUON PUBLIC SERVICE DISTRICT, (OPSD), Grantee and party of the second part.

WHEREAS, BCPSD is a public service district, created and authorized to transact business in accordance with the laws of the State of West Virginia and owns a water distribution system lying within Falling Waters Magisterial District, Berkeley County, West Virginia; and,

WHEREAS, OPSD is a public service district, created and authorized to transact business in accordance with the laws of the State of West Virginia; and,

WHEREAS, BCPSD and OPSD entered into an agreement dated June 23, 1983, amended December 29, 1988 ( the "Agreement"), which provides, among other things, that OPSD shall operate the water system of BCPSD and that, upon payment of certain monies described therein, OPSD shall have an exclusive right and option to purchase the water system of BCPSD, which said agreement was approved by an Order entered in the Public Service Commission of West Virginia in Case No. 83-464-W-PC; and,

WHEREAS, OPSD has tendered to BCPSD all monies required to be paid pursuant to the terms of the Agreement and has exercised its option to purchase the water system, and has received approval to purchase the water system pursuant to an Order entered by the Public Service Commission of West Virginia in Case No. 93-0094-PWD-CN.

WITNESSETH: That for and in consideration of the sum of Ten Dollars (\$10.00) cash in hand paid, the receipt of which is hereby acknowledged, and other good and valuable consideration, the receipt of which is also hereby acknowledged, the said Grantor and party of the first part does hereby bargain, sell, grant and convey with Covenants of General Warranty unto the Grantee and party of the second part, the following:

1. All real estate, easements, rights of way and interests in real estate previously acquired by the Grantor situate in Falling Waters District, Berkeley County, West Virginia.

2. All water lines, distribution mains, meters, pumps, water tanks, and other assets of the Grantor situate in Falling Waters District, Berkeley County, West Virginia, used with or appurtenant to the water distribution system described and conveyed herein.

DECLARATION OF CONSIDERATION OR VALUE

As provided by law, the undersigned hereby declares that this transaction is exempt from the excise tax on transferring real property because this is a transaction between political subdivisions of the State of West Virginia.

WITNESS the following signatures and seals:

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

BY Ruby S Keen

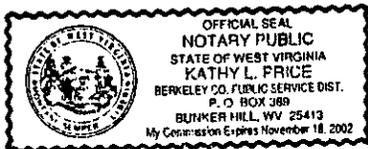
ITS Chairman of Board

ATTEST:

Oliver R Duke  
SECRETARY

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

The foregoing instrument was acknowledged before me this 19<sup>th</sup>  
day of July, 1993, by Ruby S. Keen,  
CHAIRMAN OF BOARD of the Berkeley County Public Service  
District.



Kathy L. Price  
Notary Public

My Commission expires: November 18, 2002.

127558

INDEXED IN GENERAL INDEX

DEED

by and between

BERKELEY COUNTY PUBLIC SERVICE DISTRICT

and

OPPEQUON PUBLIC SERVICE DISTRICT

This	<u>Doel</u>	<u>July 30</u>	<u>1943</u>
No.			
was produced in this office and admitted to			
record at	<u>3:00 P.M.</u>		
Teste:	<u>Shaw W. Small Jr.</u>		
	<u>S. BOWEN</u>		
County Commission of Berkeley County			
West Va.			
RECORDED IN	<u>Doel</u>		
BOOK NO.	<u>514</u>	PAGE	<u>679</u>
Fee \$.	<u>3.00</u>		

RETURN TO HOY G. SHINGLETON, JR.

LAW OFFICES

Bowles Rice McDavid Graff & Love

P. O. Drawer 1419

Martinsburg, West Virginia 25401



LOAN PROGRAM II  
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

TO: ONE VALLEY BANK, NATIONAL ASSOCIATION, Trustee  
(formerly Kanawha Valley Bank, National  
Association)

- A. Name of Governmental Agency to which payment is to be made: Opequon Public Service District
- B. Total Amount to be paid: \$10,257,957
- C. Certification by Water Development Authority:

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the above-captioned Governmental Agency, dated as of July 29, 1993, said Governmental Agency has sold its Local Bonds to the Authority in the principal amount equal to the amount of the Loan set forth in B above, that such Governmental Agency is obligated to make Local Bonds Payments and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that such Governmental Agency is not in default under any of the terms or provisions of said Loan Agreement.

I further certify that the Local Bonds Payments, the Supplemental Bonds Payments, and other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Bonds, the proceeds of which were used to fund the Loan Obligation, as such interest and Principal Installments come due.

The above certifications comply with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.

  
\_\_\_\_\_  
Authorized Representative  
West Virginia Water Development Authority

DATE: July 29, 1993

ABB00130

**ASSIGNMENT SEPARATE FROM BOND**

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Water Revenue Bond, Series 1993, of the Opequon Public Service District in the principal amount of \$10,257,957 numbered R-1, in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: July 29, 1993.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By Barbara B Meadows  
Authorized Representative



**OPEQUON PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 1993**

**CERTIFICATE OF SATISFACTION AND PAYMENT**

The undersigned duly authorized representative of the General Electric Capital Corporation (the "Holder"), as holder of all of the Water Revenue Bonds, Series A, dated as of March 1, 1962, (the "Prior Bonds"), of the Opequon Public Service District (the "Issuer"), issued in the original aggregate principal amount of \$430,000 of which Prior Bonds the principal amount of \$184,000 remains outstanding, hereby certifies as follows:

1. The Holder is the holder of the entire outstanding amount of all of the Prior Bonds.

2. On the date hereof, there was paid to the Holder by the Issuer the amount of \$187,492.20, the receipt of which is hereby acknowledged, which is sufficient to satisfy all of the Prior Bonds.

3. All liens, pledges and security securing any and all of the Prior Bonds, including without limitation any lien on or pledge of the revenues or net revenues of the waterworks facilities of the Issuer, and the covenants, agreements and obligations of the Issuer are satisfied and discharged. The Prior Bonds will be marked "Satisfied in Full" and returned to the Issuer.

4. The Holder hereby waives all notices and other formal prerequisites or requirements necessary or required in connection with the prepayment and redemption of the Prior Bonds, as set forth in the Prior Bonds, the resolutions and Indenture of Trust, as supplemented and amended, authorizing issuance of the Prior Bonds, or otherwise, except payment as aforesaid.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of July, 1993.

GENERAL ELECTRIC CAPITAL CORPORATION

By: Jerrin Allen  
Its: SOA Representative

**OPEQUON PUBLIC SERVICE DISTRICT**

**CERTIFICATE OF SATISFACTION AND PAYMENT**

The undersigned duly authorized representative of the United States Department of Commerce, Economic Development Administration (the "Holder"), as holder of all of the Water Revenue Bonds, Series B, dated as of March 1, 1970, (the "Prior Bonds"), of the Opequon Public Service District (the "Issuer"), issued in the original aggregate principal amount of \$640,000 of which Prior Bonds the principal amount of \$464,000 remains outstanding, hereby certified as follows:

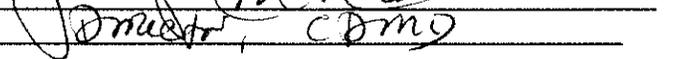
1. The Holder is the holder of the entire outstanding amount of all of the Prior Bonds.

2. On the date hereof, there was paid to the Holder by the Issuer the amount of \$408,312.80, the receipt of which is hereby acknowledged, which is sufficient to satisfy all of the Prior Bonds.

3. All liens, pledges and security securing any and all of the Prior Bonds, including without limitation any lien on or pledge of the revenues or net revenues of the waterworks facilities of the Issuer, and the covenants, agreements and obligations of the Issuer are satisfied and discharged. The Prior Bonds will be marked "Satisfied in Full" and returned to the Issuer.

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of July, 1993.

UNITED STATES DEPARTMENT OF COMMERCE,  
ECONOMIC DEVELOPMENT ADMINISTRATION

By:   
Its: 

**OPEQUON PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 1993**

**CERTIFICATE OF SATISFACTION AND PAYMENT**

The undersigned duly authorized representative of The Peoples National Bank of Martinsburg, West Virginia (the "Holder"), as holder of all of the Water Revenue Bonds, Series C, dated as of October 16, 1991 (the "Prior Bonds"), of the Opequon Public Service District (the "Issuer"), issued in the original aggregate principal amount of \$372,000 of which Prior Bonds the principal amount of \$290,000 remains outstanding, hereby certifies as follows:

1. The Holder is the holder of the entire outstanding amount of all of the Prior Bonds.

2. On the date hereof, there was paid to the Holder by the Issuer the amount of \$300,721.27, the receipt of which is hereby acknowledged, which is sufficient to satisfy all of the Prior Bonds.

3. All liens, pledges and security securing any and all of the Prior Bonds, including without limitation any lien on or pledge of the revenues or net revenues of the waterworks facilities of the Issuer, and the covenants, agreements and obligations of the Issuer are satisfied and discharged. The Prior Bonds will be marked "Satisfied in Full" and returned to the Issuer.

4. The Holder hereby waives all notices and other formal prerequisites or requirements necessary or required in connection with the prepayment and redemption of the Prior Bonds, as set forth in the Prior Bonds, the resolutions and Indenture of Trust, as supplemented and amended, authorizing issuance of the Prior Bonds, or otherwise, except payment as aforesaid.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of July, 1993.

THE PEOPLES NATIONAL BANK OF  
MARTINSBURG, WEST VIRGINIA

By: Ann S. Powell  
Its: EVP

**OPEQUON PUBLIC SERVICE DISTRICT**

**Water Revenue Bonds, Series 1993**

**CERTIFICATE OF SATISFACTION AND PAYMENT**

The undersigned duly authorized representative of Old National Bank (the "Holder"), as holder of all of the Waterworks System Design Notes, Series 1992, dated as of May 4, 1992, (the "Notes"), of the Opequon Public Service District (the "Issuer"), issued in the original aggregate principal amount of \$165,000 of which Notes the principal amount of \$165,000 remains outstanding, hereby certifies as follows:

1. The Holder is the holder of the entire outstanding amount of all of the Notes.

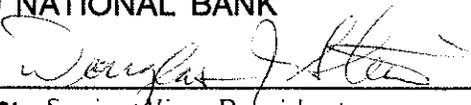
2. On the date hereof, there was paid to the Holder by the Issuer the amount of \$165,000, the receipt of which is hereby acknowledged, which is sufficient to satisfy all of the Notes.

3. All liens, pledges and security securing any and all of the Notes, including without limitation any lien on or pledge of the revenues or net revenues of the waterworks facilities of the Issuer, and the covenants, agreements and obligations of the Issuer are satisfied and discharged. The Notes will be marked "Satisfied in Full" and returned to the Issuer.

4. The Holder hereby waives all notices and other formal prerequisites or requirements necessary or required in connection with the payment of the Notes, as set forth in the Notes, the Bond and Notes Resolution, as supplemented and amended, authorizing issuance of the Notes, or otherwise, except payment as aforesaid.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of July, 1993.

OLD NATIONAL BANK

By: 

Its: Senior Vice President

**CERTIFICATE OF DEFEASANCE  
OPEQUON PUBLIC SERVICE DISTRICT**

The Peoples National Bank of Martinsburg, West Virginia (formerly The Peoples Trust Company), as trustee (the "Trustee") under a Trust Indenture dated as of March 1, 1962, by the Opequon Public Service District (the "Issuer") and the Trustee, (the "Indenture"), hereby certifies that all Water Revenue Bonds issued by the Issuer pursuant to the Indenture (the "Bonds") have been satisfied and paid in full on this date.

Accordingly, the Trustee certifies as follows:

1. The Bonds have been defeased pursuant to and in accordance with the Article XV of the Indenture.
2. The terms of the Indenture as they relate to the Bonds have been satisfied in full, and the obligations of the Issuer under the Indenture are hereby released in full.

Dated this 29th day of July, 1993.

THE PEOPLES NATIONAL BANK  
OF MARTINSBURG, WEST VIRGINIA

By: Ann S. Lawrence  
Its: VP

**CERTIFICATE OF DEFEASANCE  
OPEQUON PUBLIC SERVICE DISTRICT**

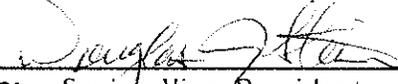
Old National Bank, Martinsburg, West Virginia, as Depository Bank (the "Depository Bank") under a Bond and Note Resolution adopted on May 4, 1992 by the Opequon Public Service District (the "Issuer"), as supplemented and amended by that certain Supplemental Resolution adopted by the Issuer on May 4, 1992, (collectively, the "Note Resolution"), hereby certifies that it has this day received the sum of \$165,000, which amount is sufficient to satisfy and pay in full all amounts owing with respect to the Issuer's Waterworks System Design Notes, Series 1992 (the "Notes") issued by the Issuer pursuant to the Note Resolution.

Accordingly, the Depository Bank certifies as follows:

1. The Notes have been defeased pursuant to and in accordance with the Section 10.03 of the Note Resolution.
2. The terms of the Note Resolution as they relate to the Notes have been satisfied in full, and the obligations of the Issuer under the Note Resolution are hereby released in full.

Dated this 29th day of July, 1993.

OLD NATIONAL BANK

By: 

Its: Senior Vice President